# World News india warns of war as Kashmir

crisis grows... Mr V. P.Singh, the Indian Prime Minister, told parlia-ment that India should be 'psychologically prepared' for war as the crisis in Kashmir deepened.

The growing sense of crisis in New Delhi was exacerbated when Kashmiri militants claimed responsibility for two-bombs which exploded in the Indian capital, injuring nine policemen. Page 20

HK passports row A British Foreign Minister embarrassed and annoyed diplomats representing France, Germany and other countries enting what they regarded as an exaggerated and premature report of their Governments' plans to grant passports to Hong Kong peo-ple. Page 6

Hostages fly home Three European hostages released by Palestinian extremists in Lebanon were due to arrive in Paris last night as the French Government thanked Libya for its part in ending their 21/2-year ordeal.

**UK** journalist fined A reporter for a British trade journal who had refused to £5,000 (\$8,200) after a judge ruled out prison for "an otherwise perfectly honourable man." Page 11

Yugoslavia's northern republic of Slovenia moved closer towards independence after

Opposition wins

Demos, the opposition coalition, won an absolute majority in the elections. Page 2 Alliance proposals Soviet Union accepted the idea

of "a great alliance for democ-racy from the Atlantic to the Urals," suggested by Mrs Mar-garet Thatcher, Britain's Prime Minister. Page 20 Tanzanian floods The worst floods in nearly 50 years have killed 52 people and

swept away 4,000 homes in. southern Tanzania, police said.

#### ANC delegates

African National Congress (ANC) will be represented by a relatively moderate delegation when it holds its first formal talks with the South African Government early next month. Page 6

#### EC policy group EC leaders will set up a

high-level group to study politi-cal union at their Dublin summit later this month forecast Charles Hanghey, Irish Prime Minister and current EC President. Page 20

Shuttle launch delay Launch of the US space shuttle Discovery was delayed for at least 24 hours. It will carry five astronauts and a tel allowing observation of deep space. Page 6

Drugs plan split

Differing approaches to tack-ling demand for illicit drugs emerged during the second day of the world drugs summit in London, underlining the problems of achieving a co-ordinated response. Page 6

King to visit Romania Exiled King Michael of Romania would leave Switzer-

land on Thursday as scheduled for his first visit to his native country in more than 40 years, his eldest daughter said. Walesa for president Mr Lech Walesa, Poland's Soli-darity leader, said he would

run against President Wojciech Jaruzelski for the presidency.

Lot of hot air

A three-man Japanese team will attempt the world's first hot-air balloon flight from Tibet to Nepal over Mount Everest in early May.

# Hoylake to Cult of Genghis Khan stirs Mongolian nationalism continue US battle for BAT

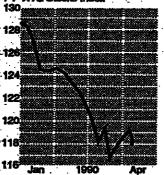
Sir James Goldsmith's Hoylake consortium said it would con-tinue the US regulatory battle in its effort to take over BAT Industries, the tobacco-based conglomerate, despite receiving a serious setback in Calif-

Hoylake requires approval from nine separate state insur-ance departments to take con-trol of BAT and, by implica-tion, its Los Angeles based insurance subsidiary, Farmers Grays, It processes to sell Group. It proposes to sell Farmers to Axa Midi Assurances of France for \$4.5bm if it makes a successful offer for BAT. Page 21

MARKETS: Gilts ended lower, as concern rose that UK infla-tion is increasing more sharply than expected. The benchmark Treasury 11% 2003/2007 was down if at 984 to yield 12.01 per cent. Page 27. Weakness

#### UK Gilts

FT-A At Stocks Index



in bonds and Tokyo's over-night fall discouraged most markets, with profit-takers active in Frankfurt and Paris, Back page, Section II

BRITISH venture capital group, 3i, linked with Indus-trial Bank of Japan (IBJ), the country's top long-term credit bank, to establish a venture capital company in Japan. Page 21; Lex, page 20

EUROPEAN banks and credit card companies have drawn up a voluntary code of conduct to protect the owners of lost or stolen credit cards.Page 3

BOMBARDIER, the Canadian group, has agreed to buy Lear-jet, maker of the business jet, for \$75m and the assumption of \$38m of outstanding debt.

MFTSUBISHI Metal, Japan's largest smelting company, and Mitsubishi Mining and Cement, a leading building materials producer, announced plans to combine their activities. Page 25

EUROPKAN Commission approved payment of (Scu2bn) (\$2.40bn) of state aid to the Italian steel sector, in response to signs that restructuring is going ahead. Page 3

NISSAN Motor, Japanese auto-motive group, has dispatched Mr Isamu Kawai, a senior exec utive, to take charge of Fuji Heavy Industries, its Subaru car making affiliate which has run into difficulties. Page 25

ARGENTINA's retail price inflation for March reached 95.5 per cent, bringing accumulated inflation for the last 12 months to 20,266 per cent.

TIME Warner, media and entertainment group, has agreed to arrange a \$650m bank loan to help Mr Giancarlo Parretti, Italian financier and ad of Pathé Communics tions, in his \$1.2bn proposed acquisition of MGM/UA.

GDANSK shipyard will be sold to shareholders at 10,000 zlotys (\$1.05) each, with 20 per cent going to shipyard workers at half price before 1990, reports AP. Founding capital is to total about Zlotys 108bn (\$11.4m).

INSOLVENCIES in the UK rose sharply in the first three months of this year, due to the effects of high interest

CHARISMA may have helped President Mikhail Gorbachev in his drive for perestroika in the Soviet Union, but among the leaders of Mongolia's demo-cratic revolution, it is consid-

ered a character flaw. This is somewhat surprising since another prominent Mon-golian, one Genghis Khan, is making something of a come-back as a symbol of renewed nationalism in this remote outpost of the Soviet empire. Yesterday, an extraordinary congress of the Communist Party opened in Ulan Bator,

By Robert Thomson in Ulan Bator

the Mongolian capital. his success lies in convincing Exchanges between the party and the opposition were characterised by speakers on the door side of deadpan.

Unlike Mr Boris Yeltsin. Unlike Mr Boris Yeltsin, Moscow's fire-breathing reformist, Mr Sanjaarsuren Zorig, head of the Mongolian democratic movement, is chiefly admired by ordinary Mongolians for his ability to suppress surplus emotion.

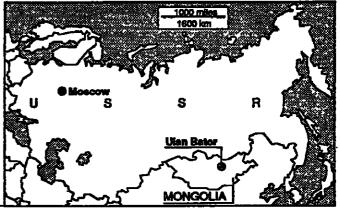
Mr Zorig was voted the country's second most popular person in 1969, behind a scientist and ahead of a wrestler. Part of

people that politics doesn't have to mean Stalinism: although his own movement is being torn apart this week by a theoretical debate on class con-

Still, for some delegates, the congress is their first experi-ence of democracy, let alone the capital. In Ulan Bator, many of the 500,000 residents have built picket fences around their yurts (circular skin or felt-coverted tents). The Mongolian Communist Party promised to give up its

69-year-old monopoly of power after mass demonstrations last month and it is coming under increasing pressure to speed up reforms and introduce free elections.

Mongolia has still to come to terms with the devastation of its culture. Dozens of Buddhist monasteries were razed after the 1921 revolution in Ulan Bator to make way for Stalinist wedding cake-style buildings and the obligatory, oversized square in the centre of the city. Communist Party officials



Soviet leader steps up pressure on Baltic republic to end its independence 'adventure'

# Lithuanians face threat of direct rule

By John Lloyd in Moscow

SOVIET President Mikhail Gorbachev is prepared to impose direct presidential rule on Lithuania, the rebellious Baltic repubic, but only as an "extreme measure."

He told the opening session of a Congress of the Komsomol

Communist youth movement that he would intervene to end the declared independent status of the republic in the event of civil conflict.

Mr Gorbachev's warning increases still further Moscow's sustained campaign of pressure on the breakaway republic. It also coincides with indications that the Soviet authorities are preparing to take economic sanctions against the republic. Mr Vytautas Landsbergis,

Lithuania's President, responded to Mr Gorbachev's statement yesterday by send-ing him a brief but emotive telegram. It said: "Esteemed President, we are very con-cerned that ultra-right, imperialist forces are compelling you to take the wrong step and continue the mistakes of 1940 [when Lithuania was incorporated into the Soviet Union]. Do not go further in this. "In the name of peace, jus-

However, Mr Gorbachev's message was later underscored by his spokesman, Mr Arkady Maslemikov, who told invest President and the Government have sufficient powers to take other measures [than seeking a political settlement] to defend the constitution, rights and interests of Soviet citizens if events develop in an undesirable way."
Mr Maslennikov said the

impasse could be broken if the

Lithuanian parliament annulled all the decrees it had passed in the past month. "The President is showing great patience and restraint. We do not want to quarrel with Lithuania. We want a reasonable approach," the spokesman

In his speech to the Komso-mol, Mr Gorbachev described the decision by the Lithuanian parliament to declare independence as "an adventure" - but not one that was irreversible. He said a referendum on the issue should be held in the

republic and expressed confi-dence that a plebiacite would show that Lithuanians favoured a form of indepen-dence which included active ties with all Soviet republics.

Meanwhile, Moscow indicated yesterday that economic pressure on the republic wasbeing stepped up. Mr Maslennikov denied that there was any mostion of an economic block. question of an economic block-ade of the republic but said that many Soviet enterprises

were hesitating to sign new

with Lithuanian

contracts

partners. In addition, Mr Alexander Troshin, deputy chairman of Gosplan, the state planning agency, said the Soviet Union would react to Lithuanian independence by charging the republic world market prices, in hard currency, for its oil supplies, rather than the pres-ent highly-subsidised roubles



Mikhail Gorbachev tells a Young Communist League conference yesterday that he does not rule out the imposition of direct presidential rule to solve the Lithuania crisis

a tonne of oil from Rs30 (\$50) to \$110, the price of a tonne of diesel from Rs68 to \$120 and a cubic metre of gas from Rs26 to

Mr Troshin, quoted in the newspaper Trud, also said the USSR would have no interest in buying such Lithuanian goods as milk, meat and consumer products "because these goods are more expensive on the domestic market than in

the world." Mr Gorbachev is also to use his presidential powers to force through the package of promarket reform measures, expected to be announced in the month. This would fore-stall parliamentary defeat of the plans which Dr Leonid Abalkin, the Deputy Prime Minister in charge of economic reform, admitted on Monday would bring a "negative reac-

He said a joint meeting of his Presidential Council and the Council of the Federation on Saturday was expected to make "difficult but nece decisions" on the plans, the implementation of which would require a "national con-Gorbachev admits Communist

Party faces split, Page 2: Soviet Union warms Thatcher vision, Page 20 to

# Parent of Credit Suisse launches bid for Bank Leu

By William Dullforce in Geneva

CS HOLDING, the parent appeared to be staging a recovcompany for Credit Suisse, is seeking majority control of Bank Leu, Switzerland's oldest and fifth-largest commercial bank, in what would be one of

the biggest takeovers in Swiss banking history.

Mr Rainer Gut, CS Holding's chairman, yesterday announced a public offering gurder which Bank Len share. under which Bank Leu share-holders would be asked to exchange their shares and participation certificates for equivalent securities in a new holding company.

Bank Leu had a market value of just under SFrl.7bn (\$1.1bn) on Monday. Terms for the exchange of shares would

be set by an independent trust company, Mr Gut said.
Mr Peter Kupfer, a CS Holding board member, said the takeover bid was friendly. It had been discussed with the Bank Leu board, which would take a final position at its part take a final position at its next meeting on May 10, he said. One board member, Mr Yves Oltramare, opposed to the loss of independence, resigned on Monday. CS Holding would have a

majority stake in the new hold-ing company which would have total assets of about SFr16.4bn (\$10.9bn) and SFr1.45bn in shareholders' funds. Its shares would be

Bank Leu has been struggling since its image was tarnished by its involvement in the Denis Levine insider trading case in the US and in a buyback share deal during inness' takeover of Distillers in the UK. Last year it closed down its New York branch. Under a new chairman, Mr Kurt Schiltknecht, the bank

ery, reporting a 15 per cent increase to SFr53m in 1989 net earnings and a 23 per cent improvement in cash flow. However, rumours of a take-over bid have been rife for several months.

Mr Schiltknecht said discussion of the takeover had been triggered by the disclosure that CS Holding had built up a sub-stantial stake in Bank Leu. "Rather than fight, we have talked. A defensive battle would have harmed the bank." he said. CS Holding is believed to hold more than 16 per cent of Bank Leu's capital. Some Zurich brokers saw the

possibility of a takeover battle, arguing that CS Holding's move had opened the way for another big bank to bid. But CS Holding appears to have a strong position. Mr Gut said it had already been talking with large shareholders and that he hoped to have a positive response from holders of 70 to 80 per cent of Bank Leu stock. An important interest is held by a small group of individuals owning Adiainvest, the majority stakeholder in Adia, the Swiss employment agency which merged with Inspectorate, the international services

company, last year.
This group tegether with clients of Lombard, Odier, the Geneva private bank, have held some 16 to 17 per cent of the capital since November. 1988. The Bank Leu board arranged the sale to ensure that stock remained in friendly

Lombard, Odier has had two members on Bank Leu's board, including Mr Oltramare who resigned on Monday.

# **UBS** subsidiary said to agree compensation on Blue Arrow

tion was not paid.

By Richard Waters in London

UBS Phillips & Drew, the London-based securities house owned by Union Bank of Switzerland, is understood to have agreed to compensate shareholders who lost money following the controversial £837m (\$1.37bn) share issue for the Blue Arrow employment

agency 2½ years ago.
P&D and County NatWest,
the sponsor to the issue, along with 11 individuals, face criminal charges over the way the failure of the Blue Arrow issue was not revealed to the London stock market.

Blue Arrow was attempting to raise funds for its \$1.2bn takeover of Manpower, the US

employment group.

The P&D move marks a reversal of its stance two months ago, when it said it would not not any companies. would not pay any compen tion until any criminal proceedings over the way the rights issue was handled had been settled. The firm's apparent change

of heart follows a concerted

campaign from leading institu-

tional investors, some of which had threatened to withdraw

A statement issued yester-day on behalf of the institutional Shareholders' Committee, which is negotiating for compensation on behalf of more than 100 institutions, said that "constructive discussions" have taken place with P&D. As a result, "detailed proposals are being framed which, it is hoped, will lead to a satisfactory conclusion."

This is understood to be an

their business from the firm or take legal action if compensa-

indication that agreement on compensation has been reached in principle. However, it is not known whether the amount of com-

pensation has been agreed. The National Association of Pension Funds, which issued the statement on behalf of the ISC, refused yesterday to give further details. It commented: "There should be compensa tion, though what the numbers are, it is too early to say."
It said that the short statement had been issued in an attempt to keep institutional shareholders informed about

the progress of discussions with P&D.

P&D said earlier this year that it was unwilling to pay compensation before any criminal trial, since this might be read as an admission of guilt on its part. Yesterday's statement from the ISC stressed: "The discussions continue to be on the basis that UBS-Phillips & Drew reject legal lia-

Negotiations have been under way since the end of February between P&D and a coordinating committee of the ISC, led by Mr Donald Brydon of Barclays de Zoete Wedd Investment Management and Mr Ron Artus of Prudential Assurance. County had offered unilater-

ally to compensate about 40 per cent of the investors, although it denied legal liability. The ISC also opened negotiations with County in February aimed at persuading the bank to increase its offer. Neither County nor P&D would comment yesterday on the progress of the discussions.

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Over the decade from 1978 to 1988 the proportion of industrial and commercial assets acquired by instalment credit has risen steadily from under 10 per cent. to approaching 40 per cent.

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Today, more than one third of all company cars are acquired by leasing or contract hire. Comparatively little known ten years ago, contract hire alone now accounts for nearly 20 per cent. of them.

The rapid expansion of the factoring and invoice discounting market, to a value of around £10 billion at the end of 1989, is a further illustration of the increasing sophistication with which companies finance their growth.

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# CONTENTS

Sullen deflance in Turkeys Ankara ponders the price of a Kurdish revolt ... US jump-start for Panama: the Bush Administration tries to stimulate an economy Managed trade by another names efforts to defuse Japanese US trade tensions .... Editorial comments A new bank for Europe; UK's push, Europe's puil ... Leaving it to the History Mans the merits of

interfering with the National Curriculum ...... 19. Software standards battlet war breaks out as talks break down .... 2,3 Sritein 10,11
22 Companies 23-32
4 Arts Guide + Reviews 17
23 Commercial Law 12
5 Commediae 38
25 Crossword 48

#### Peres gamble for power leaves a very public bad taste



Mr Shimon Peres (left) has courted the ultraorthodox parties and dissident members of Likud to secure office for Labour. In the face of public dismay at his tactics, he argues that the end justifies the

Gold 38 Intl-Capital Markets 26,27 Letters 19

# MARKETS New York III

DM2.765 (2.7725) FFr9.2825 (9.3125) SFr2.4475 (2.4525) Y259.25 (258.25) £ index 87.2 (87.4) GOLD lew York Comex Jun \$376.2 London: \$375.25 (same)

\$16(17.075)

Chief price changes yesterday: Page 21

DM1.68225 SFr1.4905 Y156\_165 DM1 8905 (1.8915) FFr5.6775 (5.68) SFr1.4965 (1.4955) Y158.55(157.45) \$ index 68.6 (68.4) Tokyo close: Y158.15

US kinchtime RATES Fed Funds rates 3-mo Treasury Bills: yield: 8.015% Long Bond: 9973 yield: 8.521

#### STOCK INDICES DOLLAR New York Itm FT-SE 100: 2,217.5 (-10.2) FT Ordinary: 1,732.5 (-9.8)

N SEA OfL (Argus)

342.01 Tokyo: Nikkei 29,624.68 (-773.25) LONDON MONEY closing 15 58(151e)% Liffe long gift fut June 811 (8112)

FT-A All-Share:

1.099.42 (-0.5%)

2,731.98 (+9.91)

New York huns

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S&P Comp

Pöhl warns

on cost of

East Mark

generosity

By David Goodhart in Bonn

MR Karl Otto Pöhl, president of the Bundesbank, has warned that neither the central bank nor the West German Govern-ment will want to pick up the

bill from an overgenerous con-version of East Marks into D-Marks which could leave a

DM50bn-DM100bm 'bole' in the East German banking system. Mr Pohl asked who would

Mr Pohl asked who would pay the difference if the debts of the East German corporate sector and the housing system, together about 400hn East Marks, were converted at two to one, but cash and savings deposits at one to one.

He said: "It is musticipable."

He said: "It is questionable

whether the Federal Republic is ready to take over an enor-

(od

#### **EUROPEAN NEWS**

# Communist Party faces split, admits Gorbachev

MR Mikhail Gorbachev, the Soviet President and Communist Party leader, admitted yes-terday for the first time that the party faced the prospect of

In a speech to the opening session of the 21st Congress of the Komsomol, the Communist Youth organisation, he said that an appeal from the party central committee would be published next Tuesday aimed at rallying members in the run-up to the 28th Congress in

July. Mr Gorbachev is under pressure from hardliners to expel dissident and social democratic factions from the party to

avoid such an eventuality.

But he said that the appeal should not be interpreted as a call for the expulsion of dissidents, thus distancing himself from a demand by Mr Yegor Ligachev, the leading orthodox communist on the Politburo,

Slovenia

closer to

By Laura Silber in

YUGOSLAVIA'S northern

republic of Slovenia yesterday moved closer towards independence after Demos, the

opposition coalition, won an absolute majority in Sunday's

Slovenia's Christian Democrats led in the Demos

coalition with 13.2 per cent of

The strong showing of the

seven-party opposition grouping reflects the popular mood for Slovenia to be released from a crisis-ridden

Yugoslav federation which has been plagued with ethnic

tensions, growing unemployment and a surge of

Mr Joze Pucnik, Demos presidential candidate, says he

plans to call a republic-wide referendum to decide if

The former communists, the Party for Democratic Renewal (LCS-PDR), who have advocated autonomy but not

fully-fledged independence, except if pushed by popular pressure, surprised observers

by coming in second with 17.3

But any thought that it

might form an opposition alliance with the Liberals, who

won 15.5 per cent of the vote,

was yesterday ruled out by the

latter, who remain one of the few non-nationalist opposition

parties in Slovenia, and who are the successors to the

radical communist Youth

In the race for the presidency, Mr Milan Kucan, the popular LCS-PDR presidential candidate, won 44

per cent in the final vote, but failed to get an absolute majority. He now faces Mr Pucnik in a run-off on April 22.

However, LCS-PDR members are concerned that in the

second round, the votes for Mr

Kucan's opponent, Mr Ivan

Kramburger, a millionaire, may go to Mr Pucnik.

per cent.

Organisation.

bе

Slovenia should

nationalist discontent.

moves

break

that "revisionists" should be thrown out of the party. Mr Ligachev said last week-end that the party had to purge all those "who preach revision-ism, nationalism and social democracy...I think we cannot afford to postpone this process, otherwise a split in the party is possible".

His comments continue his recent attacks on Mr Gorba-chev's leadership. He said: "In society there are forces which society there are forces which oppose socialism. There are also such forces in the party. The most dangerous thing is that we have allowed the party authority to weaken. This is our mistake, the main mistake of the political leadership." of the political leadership." Mr Gorbachev, by contrast,

said that those who disagreed with party policies should leave of their own volition. The President told the Young Communists, whose Congress is designed to subject the organisation to a profound restructuring of its own, that the presidential council would discuss the clutch of measures aimed at promoting radical economic reform this weekend. He told them that the coun-

try was going through a "cru-cial, most complicated" stage, marked by the aggravation of inter-ethnic tensions, social tension and shortages of consumer goods.

Soviet air traffic controllers

have threatened a two-hour strike on April 15, the first in their history, unless the Soviet parliament responds to their demands. The All-Union Air Traffic Controllers Association has called for retirement at 50, a working week of 36 hours and higher pay. An appeal to the Supreme Soviet, made last November, has so far gone unanswered, in spite of an obligation to respond within a month, the association says.

# **Superpowers discuss** chemical weapons

US AND SOVIET negotiators met yesterday to prepare an agreement on destroying chemical weapons to be signed when the US and Soviet presidents meet at the end of May, Reuter

reports from Geneva.
Following a decision taken
by US Secretary of State James Baker and Soviet Foreign Min-ister Eduard Shevardnadze in Moscow last February, the two sides hope to draft an agreement to reduce their chemical weapons stocks to 5,000 tonnes

however, it is widely believed the coalition's broad-based "We hope that by the end of this round there will be no problems," chief US negotiator Stephen Ledogar said, adding nature, ranging from the Peasant Party to the Green Party, will make any long-term stable government or co-operation difficult. that if disagreements did remain Mr Baker and Mr Shev-With nearly half the votes counted by yesterday evening, Demos had won 55 per cent in ardnadze could deal with them in talks in Moscow in mid-May. The talks are likely to last about two and a half weeks. the first multi-party elections in Yugoslavia since before World War II. Presidents George Bush and Mikhail Gorbachev hope to remove remaining obstacles to a Strategic Arms Reduction Talks (START) treaty at their May 30-June 3 meeting and sign agreements on limiting nuclear tests in addition to the poison gas accord.

The superpowers hold more chemical weapons than any other nation. Mr Ledogar said he hoped destroying most of their poison gas would speed protracted UN-sponsored talks on banning all chemical weapons worldwide. ons worldwide.

The ambassadors, shortly before starting discussions, said the two most important areas of disagreement were on when production should stop and destruction begin.

Moscow no longer makes chemical weapons while the US has continued in order to modernise its stocks with binary weapons, considered safer because the gases become lethal only when two components are combined.

# Walesa to run for **Polish presidency**

By Our Foreign Staff

MR Lech Walesa, Poland's Solidarity leader, will run against President Wojciech residency himself. he announced yesterday, Reuter reports from Warsaw. Earlier, Mr Krzysztof Pusz, Mr Walesa's chief of staff, had

said the Solidarity leader was

where the Solidarity trade union was founded will be sold under new rules for creating private firms from state-owned

# E German cabinet a very broad church

newly-formed coalition Gov-ernment is as heavily weighted toward pastors, lay churchmen and academics as the old Communist leadership was packed with workers-turn-

was patient with workers three ed-functionaries.

Mr Lothar de Maizière, the Christian Democratic (CDU) Prime Minister-elect, is a permanent lay official of the Protection Church His Foreign estant Church. His Foreign Minister is a pastor, as is the Defence Minister, who is prob-ably one of the few holders of the office to be a confirmed

This anomaly for a country which, although nominally Protestant, does not take reli-gion too seriously, arises out of the special role played by the Protestant Church under the Communist regime. The Church was the sole institution not dominated by the neo-Stalinist party and was the breeding ground for oppo-

Mr Markus Meckel, a small Mr Markus Meckel, a small town pastor and the highest ranking Social Democrat (SPD) in the coalition, regards his new post as Foreign Minister as a "dream come true." A cofounder last autumn of the East German SPD, Mr Meckel became acting head of the party when its leader, Mr Ibrahim Böhme, resigned over charges that he was an informer for the Stasi security police.

scrap heavy



Pastor Ebling (left) and Pastor Meckel (right), East Germany's Development Aid and Foreign ministers, with PM-elect Lothar de Maizière, a lay official of the Protestant Church.

Meckel will not have much time left in which to travel because the East German For-eign Ministry on Marx-Engels Platz will vanish after German

Mr Rainer Eppelmann, the new Minister of Defence and Disarmament, appears to be the ideal person to oversee the dismantling of the once-vaunted East German armed forces which are already in an advanced state of dissolution.

A bricklayer by trade, Mr
Eppelmann spent eight
months in prison in the early
1960s for rejecting military
service. He was one of the most outspoken East German pastors throughout the 1980s

when his Samaritan Church in East Berlin became a centre of the unofficial peace and human rights movement. But unlike many of the young people whom he pro-tected and who are now active in leftist citizens' initiatives, Pastor Eppelmann co-founded the conservative Democratic Awakening party last autumn. He rose to head the party after the resignation of Mr Wolf-

gang Schnur, a long-time Stasi informer. The most controversial pastor in the cabinet is Mr Hans-Wilhelm Ebeling, the ambitions head of the ultra-conservative German Social Union (DSU), which is allied with the

CDU. Mr Ebeling, whom fellow pastors accuse of having closed his Thomas Church in Leipzig to demonstrators last autumn, had his eye on the Interior Ministry, but has instead been chosen as Minister for Development Aid, a lesser post in a debt-ridden East Germany.

The new cabinet is also replete with holders of academic doctors' degrees such as the respected by Walter Romberg, the new SPD Finance Minister who is both a mathematician and a church layman, as well as Dr Peter-Michael Diestel, a collective farm lawyer who takes over the Interior Ministry.

would be composed of personal representatives of EC leaders.
He declined to take for granted opposition from Mrs Margaret Thatcher, whom he will see next week in the course of his pre-summit consultations. To would not like to contemplate going ahead with-

contemplate going ahead with-out her", he said. But he added "Tve seen her agree to certain conclusions of which

she did not approve, for the sake of consensus", and cited her acquiescence last Decem-ber in the calling of an IGC so.

monetary union.

The concept of political union" is, at this stage, less absolute than monetary union.

mous part of the domestic debt of East Germany and pay the interest on it." interest on it."

The spring report of West Germany's five economic institutes takes a slightly different line and toys with the idea of writing off the corporate sector's debt. If such a write-off was accompanied with a one to was accompanied with a visit in would require an injection of DM170hm and if the conversion was two to one it would cost DM70hm. If the transitional East German grant could raise

man government could raise such money it would cost DMISbn a year (at one to one) or DM8bn a year (at one to two) in debt service. However the institutes believe that the East German public sector defi-cit will also benefit from reduced subsidy payments and receipts of DM15bn to DM20bn a year from privatisation, and that public spending could soon be reduced to 35 per cent of GNP.

Mr Pöhl, however, says that the public sector deficit in 1990 will be 40bn to 50bn East Marks, excluding extra costs arising from currency union, and that this will be difficult to finance. "The Bundesbank will not finance public spending and the (East German) govern-ment's access to the capital markets will be limited," he

He also raised the question of who pays East Germany's foreign debt of DM40bn-DM50bn. The East Germans on DM50tm. The East Germans on the joint currency commission proposed that the Bundesbank takes over the foreign debt but. Bundesbank representatives have argued it is egainst the rates which govern the bank. The Finance Ministry in Bonn will probably have to carry the

Mr Pohl strongly supported the idea that East German citizens should benefit from privatisation through shares to be

bliti

ijes ss

A 4.7. 1

Lions

# As Foreign Minister, Mr

truck tax THE European Community's executive said yesterday it would take West Germany to

court unless Bonn scrapped a controversial new tax on heavy trucks, Reuter reports frm

Brussels.

The EC Commission said it sent a letter giving the government three weeks to justify the tax. If the response is not acceptable, the Brussels-based commission will press on with legal action before the European Court of Justice pean Court of Justice.

The West German parliament last month decided all heavy trucks using West German highways should pay tolls of from 1,000 to 9,0000m (\$600 to \$5.000 a year from laby to \$5,400) a year from July.
West German truck drivers,
however, will be allowed to offset the levy against their
annual road tax. EC states such as the Netherlands, which have agreed to a barrier-free road transport market with Belgium and Luxembourg, are

Brussels said it did not object to reasonable levies but said they should not put other member states at a competitive

# Bonn told to | Haughey expects summit to set up group on political union

By David Buchan in Brussels

EUROPEAN Community leaders will set up a high-level group to study political union at their Dublin summit later this month, Mr Charles Haughey, the Irish Prime Min-ister and current EC president,

After meeting Mr Wilfried
Martens, his Belgian counterpart, he said the most likely part, he said the most likely outcome of political discussion on April 28 was the creation of another "Dooge committee" which could pave the way for a second intergovernmental conference (IGC) on moves towards political unity. The EC is already committed to its first IGC, on monetary union, starting in December.

The original Dooge committee, set up in 1984 under the chairmanship of Senstry James Dooge, a former Irish foreign majority voting in the EC and set in train the 1985-86 negotia-

set in train the 1985-86 negotia-

grouping has been percolating through the minds of federal-

EC central bank governors will appoint a team of experts next month to help prepare the way for economic and monetary union. Mr Karl Otto Pöhl, Bundeshank president, said yesterday, Reuter reports from Basle. Speaking after a BIS monthly meeting, he said the five or six economists would start work on July 1.

Mr Henning Christophersen, Commissioner for Monetary Affairs, attended the meeting. Mr Pöhl said work on preparing statutes for a will appoint a team of

integration". He has consulted The Irish premier, who will chair the Dublin meeting, said

So far the main plan that Mr Haughey said would be laid before a new Dooge committee, is that of the Belgian Government. This calls for stronger powers for the Emphesia Partianent and Commission. and for closer security problems - rather than the straight federalist structure which the Delors plan envis-

> . In any case, the number of passenger ferries operating under flags of

> convenience in European waters is

very small.
The International Transport Workers Federation said it was aware of only six, while figures produced by Lloyd's Maritime Information Services for Lloyd's List, the specialist shipping newspaper, identified 12, all flying the Bahamas flag.

Star accident is for the Danish

# Bahamas-registered disaster ferry passed recent safety test

The use of flags of convenience has little bearing on standards, reports Kevin Brown

HE loss of the Danish ferry Scandinavian Star, with the deaths of at least 176 passen-gers, has lent weight to a longstanding campaign by maritime trade unions for a ban on the use of flags of convenience by passenger ships. But as the official inquiry into the disaster gets under way in Copen-hagen this morning, there appears to be little evidence that this practic poses a significant threat to the safety of European shipping. The Scandinavian Star was owned

by a Danish company, but registered in the Bahamas, one of several countries which operate registers open to shipowners not domiciled in the host

These flags of convenience – properly called open registers – are most attractive to North European. North American and Japanese shi-powners, who use them to escape the high costs of operating under the

flags of their own countries. The main attraction of open registers is the ability to use seafarers from poor Asian countries, with a consequent saving in labour costs. They are disliked by the maritime trade unions in the developed countries because it is their members who lose their jobs when ships are

The unions claim the qualifications of open register seafarers are not as good as those of seafarers employed under the traditional maritime flags, and that safety standards are lower because of laxity in checking and maintaining equipment and

emergency procedures.

But the contention that open registers are unsafe is undermined by figures produced recently by the Institute of London Underwriters, which showed that some of the safest fleets afloat are flying flags of

The Institute found that the average loss ratio — the number of ships lost relative to the size of fleet - of 36 of the world's biggest fleets was 0.29 per cent in the period 1984 to

Three open registers had above average loss ratios — Cyprus on 0.6 per cent, the Philippines on 0.58 per cent, and Panama on 0.54 per cent. But three others were below average - the Bahamas and Liberia on 0.19 per cent, and Bermuda on 0.02 per

The ratio for the Bahamas — where the Scandinavian Star was registered — was exactly the same

as that for the US.

The figures confirm that the key

issue for safety at sea is not the flag, but the enforcement of international regulations by the flag authorities. This falls into two parts.

The structural integrity of the hull and equipment of ships is tested

by independent inspection organisans, known as classification societ-

The societies fall into two groups: half a dozen in Europe, North America and Japan whose standards and integrity are unimpeachable; and around 40 elsewhere whose standards vary considerably.

• Fire fighting, communications

and lifesaving equipment, together with associated emergency proce-dures and crew training, is covered by various conventions of the International Maritime Organisation, principally the 1974 Safety of Life at Sea (Solas) convention. Flag authorities can either carry this out themselves or delegate the job to one of the classification societies.

Problems can arise if the flag

authority sub-contracts this job to eties in the Far East. However, the Bahamas uses only reputable societ-

ies in Europe and North America. In the case of the Scandinavian Star, both groups of tests were carried out by Lloyd's Register, the oldest and most prestigious of the classification societies, which issued a Passengership Safety Certificate on behalf of the Bahamas register on

Jamary 19.

The ship was further inspected by
Lloyd's Register in February as part
of a special survey carried out every five years, and was also inspected for Solas conformity by the US – Coastguard, which issued a Verifica-tion Control Certificate on February 5, allowing the ship to carry US pas-

sengers.

Mr Garry Beaumont, chief ship surveyor for Lloyd's Register, points out that the checks carried out by the society on open register ships are exactly the same as those on ships flying the flags of the traditional maritime countries such as

Star accident is for the Danish inquiry to determine, together with a joint commission set up to review general safety standards by Denmark, Sweden and Norway.

Both inquiries will want to consider whether the behaviour of the classification and registry authorities contributed to the disaster. But neither is likely to conclude that flag of convenience ships are inherently massie.



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#### EUROPEAN NEWS

hum Yildirim, mayor of Nusay-

Although the problem is

largely economic, the root of the conflict lies in the Turkish

state's denial of a separate

identity to the Kurds. That even means that publications

and music can be purchased in

any language in Turkey except

But a new defiance has emerged in Kurdish areas. The

turning point came in mid-

demanding the body of a PKK

guerrilla in Nusaybin were fired on by a special police

The shockwaves travelled down the Silk Road to another

border town, Cizre, where four protesters were killed. A sec-

team who killed one youth.

when mourners

bled Kurdish south-east.

zens anymore.

March.

# Code to protect Credit card owners proposed

By Lucy Kellaway in Brussels

THE BIG European hanks and which lose several hundred credit card companies have drawn up a voluntary code of conduct to protect the owners of lost or stolen credit cards. Their action is a desperate attempt to forestall a Commission initiative to introduce a legally binding set of rules.

However, some Commission officials think the voluntary code does not provide enough protection. According to one, it could make a consumer liable for loss in nearly all normal situations when a card is mis-

laid or stolen.

Particularly worrying was a clause under which the cardholder is obliged to "take the necessary measures to immediately become aware of the cir-cumstance (of the theft, loss), and to demonstrate that he took such measures". The Commission has been

considering the introduction of binding rules for several years, to bring the EC into line with the system operating in the US. However, an earlier attempt to introduce a directive eventually emerged in 1988 as a recommendation, after lobbying by the industry, which argued that it would be inappropriate to set firm rules when the technology was

It was agreed that the volun-tary system would be reviewed after a year.

The largest companies —

million pounds a year through card fraud and their - have systems of their own at least as strong as that proposed by the Commission. However, Brussels is concerned about the standards followed by many retailers, which are issuing credit cards in increasing num bers. Consumers in some of the EC's smaller countries like Belgium are felt to be receiving inadequate protection.

The guidelines, which were sued by the EC Banking Federation, the Association of Co-operative Banks of the EC and the European Savings Banks Group, are designed to cover cards for cash withdrawal and electronic payment in shops, as well as credit cards. They pro-vide for the "sharing of responsibility" between issuers and holders to cover loss, and aim to strike a balance between protecting the consumer and

competition within the sector. Under the code, the consumer would be partly responsible for any loss up to the moment at which the theft was reported, after which the issuer

would be responsible. However, the Commission's consumer services directorate feels too many obligations are being place on the consumer. The Commission will decide shortly whether to press ahead with plans for a regulation.

# Commission Turks ponder the price of Kurdish revolt clears Italy steel aid

By Lucy Kelleway

THE European Commission yesterday approved payment of Ecu2hn (£1.5bn) of state aid to the Italian steel sector, in response to signs that restructuring is going ahead.

Approval had been withheld for over a year because the Government refused to abide by an earlier decision to close the Bagnoli plant. Agreement on a date for closure was reached last December, and the Commission promised to approve the first slice of the Ecu3.3bn total aid once it was confident that restructuring

was proceeding as planned.

The money will be paid to liva, the new Italian company set up to house Finsider, the indebted and lossmaking state-owned steel company, now in liquidation.

The Commission noted that certain plants had closed on schedule, other parts of the business had been privatised and Ilva's financial structure was in line with agreements. Italy had justified postpon-ing closure on the grounds

that the steel market was strong enough not to need it. Brussels has also dropped its opposition to a government injection of funds into Daimine, an Ilva, because other stors had also put in capital on the same terms.

ond demonstration in Cizre a NTIFADAH. The word hung heavy with menace in the parlour of Mr Musfew days later was given free reign to rampage through its streets. In towns throughout bin, a town hard up against the Syrian border in Turkey's trouthe area, including the regional capital Diyarbakir, shop shutters have since come down in

A full-scale revolt has not yet broken out, but frustration born of years of neglect is com-A special cabinet session pre-sided over by President Turgut Ozal on Monday night doubled ing to a head in the region where at least 1,500 people have died since August 1984 in the insurgency by the Marxist, separatist Kurdish Workers Party (PKK).

"We don't want a separate state," said Mr Yildirim. "But we want the same rights now as the Turks. We don't want to be treated as second-class citi-

explain away the protesters as ignorant peasants and towns folk led astray by PKK and leftist extremists supported from abroad. Officials in Ankara maintain that the PKK insur-gency would collapse if its foreign support - mainly from

That is unlikely with the coolness in relations with Iraq and Syria – main entry points for the guerrillas – because of Turkey's staunching of the Euphrates river for a month early this year to fill the Ataturk dam.

The huge embankment project is the centreplece of the \$6bn south-east Anatolian (GAP) development programme, a belated and perhaps

Black Sea mute, day-long protests ordered by the the PKK.

A sullen defiance against Ankara is spreading to the towns, writes Jim Bodgener

TURKEY

sentences for convicted PKK supporters and introduced strict curbs on the press. Ear-lier the same day, the death toll was released for the largest clash so far this year, in which 21 guerrillas and 15 others died in Hakkari province. The government has tried to

over-ambitious exercise to narrow the economic gap between east and west Turkey. On Monday, the Government also announced that 90,000 new jobs would be created in the region. Syria – was removed.

But all this may be too late. Syrian support for the PKK has moderated since a border security agreement was reached in 1987, but the guerrillas still train in the Syrian-con-trolled Bekaa Valley in Leba-non. Their main infiltration route is across the mountain-ous border - impossible to between Turkey and Iraq. This winter, they have been using summer bivouacs

vacated by the Iraqi army in

traq the 30-km cordon sanitaire it has cleared against peshmergas (those who fight till death) of the Kurdish Democratic Party (KDP) fighting against Bagh-

USSR

Renewal of a Turkish-Iraqi
"hot-pursuit" agreement,
which lapsed in 1988, has not
been agreed. On the Turkish
side remain the camps of about 30,000 Iraqi Kurdish refugees from the Iraqi army's blitzkrieg against the peshmergas in the autumn of 1988.

Turkish opposition leaders seemed more interested in using the south-east during an extraordinary summit on terrorism with President Ozal in

late March as leverage for early general elections in the face of the ruling Motherland Party's (ANAP's) deep electoral

unpopularity.
Neither the leadership of the main opposition Social Democratic Populist Party (SHP) nor former premier Mr Suleyman Demirel of the True Path Party is interested in meeting Kurdish aspirations. At the local level, party organisations are embedded in the establishment; the young turn to the PKK as the only alternative in a Robin Hood-like tradition of outlaws fighting against state

Tribal and clan loyalties still determine allegiance to state or PKK in remote rural areas. In the most recent clash, security forces were reportedly sup-ported by around 1,000 Jirki tribesmen with a blood feud against the PKK. But while the PKK is being contained in the mountains. Kurdish sentiment is gathering explosively on the plains.

Traditional allegiances have broken down in the towns and cities, where they have been interwoven with establishment lines of patronage. Both the populations of Cizre and Nusaybin have nearly doubled to 70,000 and 90,000 respectively because of an influx of peasants caught in a forced rural-urban migration through-

# Brussels earmarks Ecu250m to help develop broadcasting

By Lucy Kellaway

AN Ecu250m (£184m) budget to rescue the Community's broad-casting industries from permanent underdevelopment was announced yesterday by the European Commission.

The money, to be spent over five years, will cover training, use of new technologies, pre-production costs and distribution, and help encourage a sec-ondary market in old films and

programmes. The Commission is still sensitive to the criticism that followed its "television without frontiers" directive last year and is trying to show that it is helping the industry in a posi-tive way. That directive allowed for countries to set minimum levels of EC-produced programmes on their television channels and was taken in the US as a sign of the Community's cultural imperi-

The audiovisual sector is seen as one of the most impor-tant and fastest growing in the Community, and is expected to expand from Ecu25bn this year to Ecu35bn by the turn of the

century. But the Commission presented a grim account of the state of the European industry, which is losing out both to the US and Japan. The market remains almost exclusively national: some 90 per cent of productions are seen only in the country in which they are made, resulting in costs being too high and companies too small to take on the financial risks that are increasingly nec-

# **Abolition of duty-free** sales will hit air fares

By Paul Abrahams

ABOLISHING duty- and tax-free sales within the EC after the creation of a single European market will mean not only the end of cheaper holiday drink, but also an increase in air fares and holiday costs, according to a report by Coopers & Lybrand Deloitte,

the management consultants.
The report, prepared for the
Brussels-based International Civil Airports Association, estimates the EC air transport industry stands to lose Ecu 1bn

industry stands to lose Ecu 1th (£740m) when intra-EC duty-free sales are abolished.

The study, which questioned more than 200 European airports, states that airport authorities stand to lose profits of Ecu 250m at 1988 levels. Additional costs will also be created by the need to alter the layout of terminals. layout of terminals.

distributed will cause considerable problems. Non-EC carriers will be reluctant to bear the additional costs because they will still be carrying passen-gers able to buy duty-free goods. EC airlines will argue that their passengers, who will no longer need to pass through customs and passport facilities on internal Community flights, will use fewer airport

Airport landing and passenger charges are likely to increase by an average 14 per cent, if the loss of income is shared equally between all air-

Ticket prices are likely to rise on scheduled flights by 23 per cent. Prices on charter flights will increase by 42 to 6.6 per cent, forcing up the cost of tour operator holidays by between 1.5 per cent and 2.3 per cent. The measure would increase pressure on European charter companies margins. Many have only made money in recent years because of duty-free sales.

The loss of revenue and increased costs at airports are likely to be recovered by increased aircraft handling

The report argues that the way these extra charges are

# Lyons sends its traffic problems underground

By William Dawkins in Paris

LYONS, France's second city, is to spend FFr2.3hn (£247m) on a motorway, tunnel, and viaduct crossing to ease traffic iams in the city centre. The 10km motorway will be

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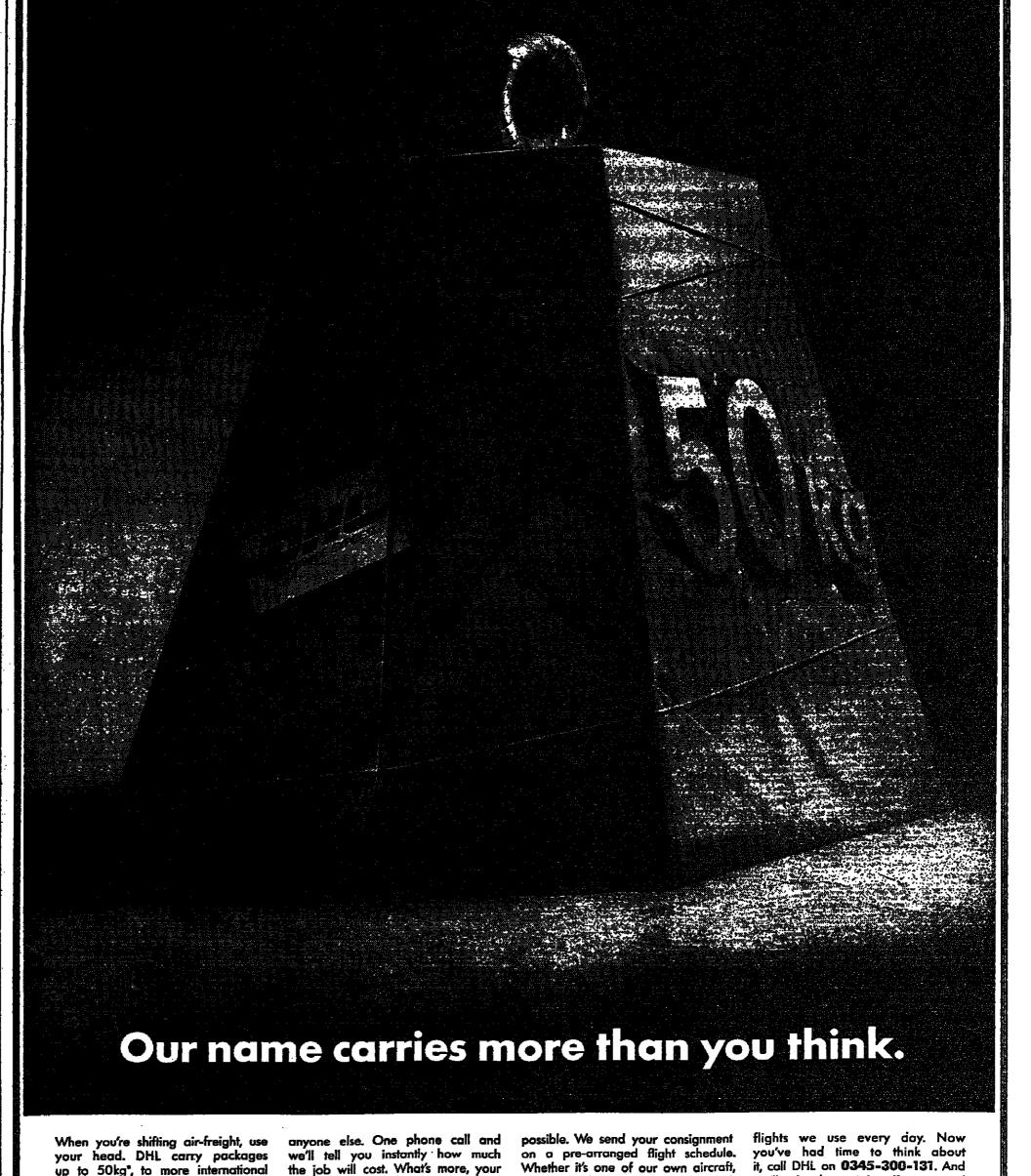
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built by Bouygues, the leading French construction group, which will receive a 35-year concession to operate the road and charge motorists a toll, likely to be between FFr4 and

The project, which is due to open in October 1994, was given the green light by Lyons city authorities just as Paris is in the final stages of assessing an ambitious underground motorway network of its own.
The Lyons scheme will link
the city's northern and west-

ern suburbs via three tunnels, one of which will pass under the river Saône, and a viaduct. Bouygues won the contract in competition with GTM-Dumez, another construction group. The two, and a subsidiary of Usinor Sacilor, the state-owned steelmaker, are all competing for the Paris network, which could depending on which plan is adopted - include up to 50km of tunnels to be built over the



or one of the 1,250 scheduled

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# US hard line may affect success of drug summit

By Robert Graham

WIDELY differing approaches to tackling demand for illicit drugs emerged yesterday dur-ing the second day of the world ministerial drugs summit in London, underlining the problems of achieving a co-ordinated international response. It also became clear that none of the 112 delegations rep-

resented had firm data on the extent of cocaine use world-wide, the drug seen by the conference as the main threat The opposing views on deal-

ing with demand were high-lighted by the Dutch and US delegations. The Netherlands argued for a pragmatic policy of self control and social control with limited emphasis on law enforcement. But the US championed a strong element of legal measures accompanied by greater "user accountability", whereby the individual is penalised.

Although the US regards the Netherlands policy with extreme caution, pointing out the country's large drug transit traffic, the Dutch approach is being studied with growing

interest in Europe.
Dr Eddy Englesman, head of drugs at the Netherlands Ministry of Health and Welfare, told the conference: "Criminal law and its enforcement are meant to reduce the supply of drugs, not to criminalise use. The Dutch prefer a policy of social control, adaptation and integration to a policy of social exclusion through criminalisation, punishment and stigma-

Dr Englesman later told a press conference that official tolerance of marijuana had not led to increased use. In the age group up to 19 years studies

A last-minute technical hitch

forced the postponement yes-terday of the aunch of the

shuttle Discovery on a mission to lift a giant telescope into

space that will help man probe

the origins of the universe,

Reuter reports from Cape Can-

A fault in an auxiliary power

unit halted the countdown four



Members of the US delegation at the conference in London

bis the previous month: the figures were higher in the US. van, US Secretary of Health, warned: "Our tolerance for drugs in the past has unleashed forces of unimaginable violence and hatred. The destruction is obvious to us all now - we have seen it felt it, loathed it." He insisted that drugs were not "a victimless crime". US policy to reduce demand, he said, had to be waged on two fronts: "We must create a climate of responsibility and we must strengthen and reinforce the appropriate research, prevention and treat-

ment efforts to sustain public

Astronomers have waited

years to see the Hubble Space Telescope put into orbit 380

Astronomers expect the

\$3.1bn telescope, by far the world's most sophisticated, to reveal information about the

origins of the universe, locate

other planetary systems and

search for signs of other life.

The launch is regarded by astronomers as the most excit-

ing event since Galileo peered

disapprobation of drugs.

Fault delays Shuttle telescope mission

miles above Earth.

Dr Herbert Kleber, maintained that his government's policies had led to a reduction in the casual demand for drugs since 1985, although overall demand had risen. The cornerstone of the Bush Administration was the concept of "user account-ability". In the case of the business world this entailed drug testing of employees and hold-ing them accountable "by imposing drug treatment and possible termination of employment upon discovery of drug

The United Nations, co-sponsor of the conference with the UK, is hoping that these differing views on reducing demand will stimulate the debate. But they are likely to to dilute today's final declaration. Another American delegate,

at the stars through the first

telescope.

The telescope can detect objects 50 times fainter and

with 10 times more clarity than

the best ground-based tele-

scopes.
Scientists hope that it will

enable them to look back 14

billion years in the universe's

history - possible because light that left distant stars bil-

lions of years ago is only now

#### rule, went further and faster in its privatisa-tion drive than any other country in Latin America. And for institutions like the IMF, try-ing to coax other developing nations to take the same path,

HILE, under military

Chile became the foremost example of a country that successfully cut back the size of the state while encouraging the private sector to become main engine of economic The motives behind General

Augusto Pinochet's economic revolution had as much to do with politics as with his con-cern to balance the government's books. He was convinced that a strong economy based on private enterprise was the best guarantee against another Marxist government, such as the one he deposed in 1973. The neo-liberal economic theories in vogue in Britain and the United States suited him to an admirable degree.

Despite some harsh criticism levied against Gen Pinochet's

final spate of privatisations, the new civilian Government that took office on March 11 has decided to leave well alone. It has, however, put the priva-

**EC** plans boost

central America

THE European Community, eager to show that its support for reforming east European states does not mean less cash

for other developing regions, plans to boost its aid to central America by half, Reuter reports from Dublin.

The EC's Commissioner for

Latin America, Mr Abel Matutes, said yesterday that the European Commission was

earmarking the extra funds

for the region over the next

funding in the order of 50 to 60 per cent, which demon-

strates that events in Eastern

Europe have in no way preju-

diced our obligations to the rest of the world," Mr Matutes said. He was speaking at the end of a two-day meeting of

ministers from the two

America currently amounts to

about \$120m a year.

The EC's aid to central

"We plan an increase in

in its aid for

tisation crusade in cold storage. In theory, all state sell-offs since 1985 are up for review, but Mr Rene Abeliuk, the new chief of the state development holding company, CORFO, says President Patricio Aylwin's Government has no desire to re-expropriate. Legal action will only be taken if irregularities are found. Mr Abelluk's main criticisms

are that most of the privatisations were done behind closed doors and with little "transparency", or public discussion, and that the haste to shed public assets led to lower sale

prices.

He also believes the military regime made a basic mistake on public finance. He claims that many, if not most, of the public companies earned profits and provided a continuing source of revenue for the Treasury. Now that they have been sold off and the income from the sales already spent — in part to subsidise tax reductions in the last few years — the new Government is being forced to raise taxes to finance social projects.

The breadth of the privatisations in Chile would leave even

some of Mrs Thatcher's divesti-



Chile is benchmark for Latin America

UNBUNDLING THE STATE

ture zealots feeling like failures. In fact, one independent study covering the period until September 1988 concluded that, taking into account the rela-tive sizes of both economies, Chile had transferred twice the value of state assets to the pri-vate sector than Britain, and in half the time.

During Gen Pinochet's 16-year rule, the Government earned \$3.4bn from privatisa-tions and reduced the state's share of the Chilean economy by one-third. However, the public sector in Chile still accounts for 40 per cent of

vatisation drive took place in three distinct stages. Between 1973-74, the government priva-tised some 350 companies expropriated under the Socialexpropriated under the Socialist government of President Salvador Allende, reaping \$1bn in the process. From 1975 to 1982, CORFO led a second wave of sell-offs, privatising 135 companies and 16 banks, many acquired during a period of business collapse in the late 1970s when the Chilean market greened internationally. That

brought in another \$1bn.

But the final phase between 1985 and 1989 was by far the most significant, both in terms of its financial importance and the nature of the companies

that were privatised.

Chile broke with a nationalist tradition in Latin America that places certain economic activities of "strategic interest" under state control (an even-expanding category) and pro-ceeded to redefine the kind of ceeded to redefine the kind of things the state should or should not be involved in. The giaring exception to this rule is Codelce, Chile's (and

the world's) largest copper pro-It is the country's biggest export earner (\$3.6bn in 1989)

Leslie Crawford reports on one of the world leaders in selling off state assets and source of taxes. Nevertheless, Chile's privatisation experiment has set a bench-mark for the rest of the continent in what can be privatised nent in what can be privatised and how it should be done.

Long before the bulk of the public sector companies were offered for sale, the military Government had transformed them into attractive investment opportunities by raising service tariffs, cutting subsides and in some cases, enforce-

dies and, in some cases, enforcing massive lay-offs.
Secondly, Chile's foreign investment code, the most liberal in Latin America, encouraged multinationals to bid for the Chilean companies up for grabs. Bond Infernational hought a controlling stake in the Chilean telephone companies of the chilean telephone chilean telephone

pany CTC in 1987, and has just sold it at a handsome profit to Spain's Telefonica. Similariy, the Scandinavian airline, SAS, is currently negotisting the purchase of a 30 per cent stake in Lan-Chile, the national flag carrier, privatised

last year. This is the seventh article in a series on privatisation. Previous articles appeared on the foreign pages on February 28, March 6, 13, 23, 29 and April 4.

# Thatcher at bay in Bermuda talks

Peter Riddell reports on how Bush may reassess relations with UK

HE MOST important question at this Friday's Bermuda meeting between President George Bush and Mrs Margaret Thatcher will be unspoken. Will the US treat her and Britain differently in view of the Tories' domestic political problems? Will Mr Bush begin distancing himself from Mrs

Thatcher and treat her as a lame duck? There is no sign of this so far in Washington. Indeed, there have been suggestions that Mr Bush wants to do what he can

to help Mrs Thatcher.
The pictures of the central
London riot and the prison disturbances have made a big impact in the US. Policymakers are mainly puzzled by what is going on in Britain, and seeking enlightenment wherever they can find it.

they can find it.

They are asking whether
Mrs Thatcher can survive? But
they have not yet moved on to
conclude that she cannot—
and have only begun to wonder
what might come after her.

So identified has Mes
Thatcher become with Rivain

over the past decade that any task in avoiding an exagger-ated reaction — a belief; how-ever crude, that it is back to the bad old days of the 1970s. This could affect the beliefs and decisions of business investors as well as politicians. Hardly anyone in the US has the faintest clue who Mr Michael Heseltine is or what a Labour government would do.

Typical is the attitude of Mr
Clayton Williams, the cowboy/
businessman Republican candithese reasons, and partly because of his long experience, Mr Hans-Dietrich Genscher, the West German Foreign Min-

Mrs Thatcher assured American television viewers yesterday Mrs Thatcher assured American television viewers yesterday that she was not a lame duck, Lionel Barber writes from Washington. Two days before she flies to Bermuda to meet President Bush, Mrs Thatcher made light of the domestic unrest and the sharp drop in her popularity. She hoped her Government would survive and win the next election.

"Not many people call me a lame duck," she told NBC breakfast television who interviewed her at the London drug confer-

ence, "usually I'm doing too much."

"Look at the record. It has produced a much better, more prosperous Britain, a much more influential Britain, a Britain no longer in decline but in the ascendancy again." Asked about recent rioting in London and the unrest in British prisons, Mrs Thatcher blamed left-wing agitators and a pattern of imitation. "We are never intimidated, never," she declared.

date for Governor of Texas, who when asked recently about Mrs Thatcher said: "The Iron Lady, you bet. She's done great things for Britain. I'm a great fan," before going on to compare her with Winston By temperament Mr Baker is Churchill and Ronald Reagan.

Since Mr Bush became President there has undoubtedly been a change in US/British relations. Correction might be a more accurate term since a more acturate term since relations were unsustainably close during the Reagan era because of the longer presi-dent's personal liking for Mrs Thatcher.

the US's interlocutor with Europe. This was bound to change, with greater attention being given to Bonn and Paris. At the same time, the general focus has shifted to Germany - first with last spring's argument over short-range missiles and then since November over unification. Partly for

ister, has become the nivotal European colleague for Mr James Baker, the Secretary of

a deal-maker and therefore gets on well with Mr Genscher. But Mr Baker is by no means a fan of the more ideological Mrs Thatcher, and it is not just Continental Europeans she irritates with her tendency to

Britain has also suffered month.

Britain has also suffered month.

More important in Bermuda retaries in the deatheart of may be questions of mood—

it is, however, mistrading to how for Busic assesses her, and how domestic political presented from the inevitable more affect her behaviour, not and his advisers are somehow anti-British and pro-German. British/US relations remain close at a working level, as they have been since the 1940s. There are few differences of

substance between the US and Britain at present — apart from longstanding ones such as Hong Kong, over which there is in effect an agreement to disagree.

The problems which emerged earlier this year when

Mrs Thatcher outspokenly expressed her reservations about the pace of German unification have now largely dis-

appeared.
She has been more supportive publicly of what is happening in Germany following the creation of the two-plus-four framework (the two Germanys plus the wartime allies) for discussing unification and Chancellor Helmut Kohl's more explicit assurances about the ish border.

While there are obvious problems shead, such as over the scale of forces stationed in Germany and nuclear weapons policy, these are not immedi-

Over the Lithuanian crisis, President Bush has apparently valued Mrs Thatcher's support and insights. The White House specifically referred to her tele-phone conversation with Mr Gorbachev as an influence on the president's letter to the Soviet leader at the end of last

only with the President but also with the assembled press. While there is considerable interest in Washington in observing Mrs Thatcher at bay - a great subject for a 19th-century epic painter - there is the inescapable feeling that Britain is now, along with France, a second-rank Euro-pean power. And one that is at best a somewhat reluctant par-

ticipant in the great events

under way in Europe today.

#### minutes before blast off. The laumch will be delayed at least week and possibly two.

averal.



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The USA (with 16 companies and States), as well as Australia, Canada, Switzerland, Poland, other East European countries and ACP

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and European businessmen.

April 21st - 29th, 1990 Great April Fair



# Argentine inflation 'has peaked' By Gary Mead in Buenos

ARGENTINA's retail price inflation for March reached 95.5 per cent, bringing accumu-lated inflation for the last 12

months to 20,266 per cent. However, government offi-cials who announced the latest figures on Monday evening suggested that the country's recent hyper-inflationary burst is now in the past, and they forecast that April's figure could be lower than 20 per

At the same time the Government announced a further increase in fuel prices. The 25 per cent average increase in petrol and diesel is an attempt to increase revenues at a crucial stage in Argentina's nego-tiations with the International Monetary Fund (IMF).

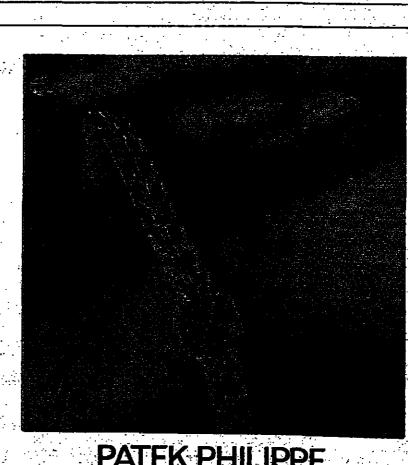
The IMF is closely monitoring Argentina's economic per-

formance, with a view to unblocking a \$1.4bn stand-by loan agreed last October but which collapsed early this Argentine government offi-

cials said last week they hope for a renewal of disbursements by the end of May, but the IMF is known to be sceptical con-cerning its plans to achieve a

Fuel price increases are the easiest means for the Govern-ment to boost its revenues, but the increases will inevitably be passed on to consumers, threatening the Peronist government's current fragile control of inflation. Argentina's largest farming

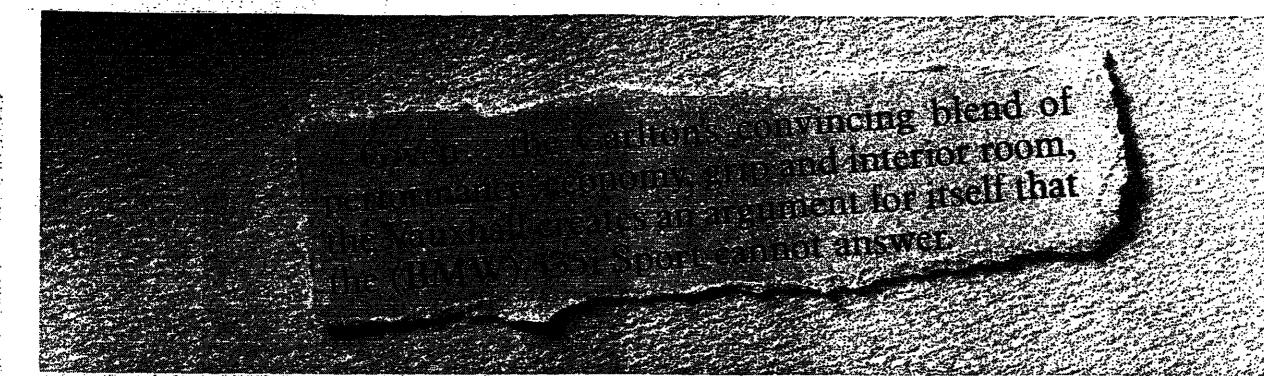
association, the Rural Society, estimates that each 10 per cent fuel increase raises total costs by 3.2 per cent. Despite government sugges-tions that inflation is once more being brought under control, trades unions are now likely to lodge wage demands to keep in line with the last month's figures.



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Leave yourself plenty of time, though. With the Carlton costing £7,310 less than the BMW, you'll have enough money left to make it worthwhile testing an Astra as well.

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ŗ.

# **London angers** Europe over HK passport offer

MR FRANCIS MAUDE, British Foreign Minister responsible for Hong Kong, yesterday embarrassed and annoyed local diplomats representing France, Germany and other countries by presenting what they regarded as an exaggerated and premature report of their governments' plans to grant passports or rights of entry to Hong Kong people

Hong Kong people.
On the third day of a visit to the colony, Mr Maude said that plans being finalised by up to 20 other countries could "perhaps double" the UK's plan to give passports to 50,000 heads of household contained in a Nationality Bill published last

week in London.

He produced no statistics to support this ambitious claim but announced that France was "implementing a scheme to provide passports or right of entry for up to 1,500 employees of French companies and their families". Germany, Belgium and Luxembourg were "about to finalise schemes of broadly the same nature".

It is assumed that Mr Maude did this to head off criticism that the 50,000 is seen as too large by most British opponents and too small by Hong

Kong people. But few countries are prepared to make guaranteed offers at this stage, and Mr Maude's move ruffled diplomatic tempers. A secretary at the French consulate said yesterday afternoon that the office had been closed to forestall floods of passport requests, and an official at the Belgian con-sulate said: "This has put us in a very difficult situation - I do not know where Mr Maude has got his information." A West German diplomat had "never heard about it".

several weeks of hectic diplo-

The announcement followed



the UK has told its embassies in various foreign and commonwealth capitals to wring the best statements possible out of their governments. But few have produced enough to satisfy Mr Maude, so he went further than any of the local consulates expected.
France has already issued

rights of abode to between 50 and 100 key employees of its companies working in Hong Kong and is working on a package for a significantly big-ger number. But a spokesman said it had made no decisions and he rejected any idea of a quota figure such as 1.500. Belgium is also working on plans, but seems more likely to offer limited right of entry rather

than full passports. Mr Maude correctly said that Singapore had a scheme for 25,000 heads of household, who can stay in Hong Kong for five to ten years after receiving admission papers. He also men-tioned undefined flexibility in Australian and Canadian schemes, plus a Congress Bill on delayed entry for immi-grants to the US.

# HK group planning TV satellite station

By John Eiliott in Hong Kong

HIITCHISON Whampon, the Hong Kong property-to-telecommunications group, is drawing up plans for an inter-national commercial television station covering Asia and the Middle East, using the AsiaSat communications satellite successfully launched by China last Satur-

day. Hutchison, which holds a one-third stake in AsiaSat, has this week signed reservation contracts for 12 of the satel-lite's 24 communications transponders. It will decide within six weeks whether to launch its own station or to use the equipment for other work such as providing input for existing broadcasting stations, community television systems, and cable television.

With two beams or "footprints" covering an area from Bahrain to Japan, the satellite covers a population of 2.5bn,

S Africa has

'soft landing'

despite curbs

THE South African economy

has enjoyed a soft landing despite restrictive monetary

and fiscal policies pursued

since late 1988, the South Afri-can Reserve Bank said in a

report published yesterday.

The central bank's latest

quarterly bulletin says the

country's balance of payments, foreign reserves and exchange

rate are satisfactory, but prob-

lems remain with inflation,

expansion in the money supply

The economy grew at slightly more than 2 per cent

for 1989. This was down from 3.5 per cent the previous year,

but better than the 1.5 per cent average for 1980-89. Real gross domestic product declined in the fourth quarter

at an annualised rate of 1.5 per

cent, the first quarterly decline

in output since the first quar-ter of 1986. Real gross domestic

expenditure declined at an

annualised rate of 7 per cent.

strengthening in the current

account surplus in the quarter to an annual level of R5.9bn

The bank observes that the rise in the current account surplus for calendar 1989 to R4.1bn from R2.9bn in 1988 was

largely attributable to a "remarkable" 17 per cent vol-

ume increase in merchandise

exports.
Gold and foreign exchange

reserves, which rose in the pre-

vious three quarters, fell in the

fourth quarter, partly because

of a reduction in short-term

foreign liabilities. But the bank

adds that both gross and net foreign reserves rose encourag-

ingly in the first two-and-a-half

months of 1990.

(£1.36bn).

This was reflected in a mild

By Philip Gawith in

Johannesburg

which is regarded as a highly lucrative potential audience. Music, sports and news pro-grammes, mostly in English and paid for by advertising, are being considered for transmission via satellite discs operated by countries, television sta-

or individuals. The Hutchison contract. which involves a \$300,000 down payment, brings to a total of 19 the number of transponders already booked on the satellite. Mr Terry Seddon, AsiaSat

chief executive officer, said yesterday that South Korea also signed for three on Monday, and that four others had already been reserved by Mon-golia, Burma and a Hong Kong company called Capital Communications which wanted to transmit music-videos. Letters of intent had been signed with Nepal, Pakistan, Bangladesh and Thailand

# Peres power bid leaves a bad public taste

Israel's Labour party argues that the end justifies the means, writes Hugh Carnegy

UNTIL a short while ago, it seemed an unlikely, even impossible prospect. Yet today Mr Shimon Peres, the leader of Israel's Labour party, will ask parliament to elect him Prime Minister. If he succeeds it will banish the Likud party he has falled to defeat in four general elections into opposition for the first

time since 1977. To the surprise of many, he appears likely to succeed. So finely balanced is the 120-member Knesset, summoned from the Passover recess for the vote, that Mr Yitzhak Shamir, the incumbent Prime Minister and Likud leader, will fight to deny Labour the vital few votes it needs to take over the government. But in the last few days, his chances of doing so seemed to diminish.

If he pulls it off, a Peres victory would represent a remarkable triumph of political manoeuvre that his support-ers believe could transform a hitherto deadlocked political outlook. Not least, he intends to rekindle a US-proposed plan for Israeli-Palestinian peace talks which Mr Shamir blocked and which caused the collapse last month of the old Likud-Labour coalition.

Defeat for Mr Shamir, now 73, would almost certainly presage moves within Likud to replace him and a battle within the party between hardline aspirants, such as Mr Ariel Sharon - the combative former defence minister-and Mr Shamir's favoured successor. Mr Moshe Arens, currently Foreign

The gamble for Mr Peres, previously Prime Minister for just two of his 13 years as Labour leader, has been great. The favourite line of commentators is that this is his last chance. His efforts to unseat Likud have been

By Lamis Andoni in Amman

THE recent exchange of

threats between Iraq and Israel puts the Kingdom of Jordan, which is sandwiched between

the two, in a particularly

uncomfortable position.
From the east, President

Saddam Hussein has boasted

about Baghdad's chemical weapons and threatened to

destroy half of Israel if it

strikes against Iraq. From the west, Israel has hinted at dev-astating nuclear retaliation against any Iraqi chemical

As Arabs, and as military allies of Iraq, King Hussein and his Jordanian subjects have

publicly welcomed President

Saddam's stand against Israel. But as Israel's neighbours, and

as allies of the West, they pri-

vately fear Israeli countermea-sures and deplore the escala-

Even before the Iraqi-Israeli

exchanges Jordan was suffer-ing the effects of the stalemate

in the Middle East peace pro-

cess. Over the past 18 months more than 15 attempts have

been made by guerrillas to infiltrate across the Jordanian

border into Israel, a measure of growing Palestinian frustration about the peace process and

Israel's attempts to suppress the uprising in the occupied territories by force.

Despite having abandoned

responsibility for the Israeli-oc-cupied West Bank to the Pales-

tine Liberation Organisation,

Jordan continues to provide

moral and financial support for

watched with passive but extreme scep-ticism by Mr Yitzhak Rabin, himself a former Labour premier who was always uncomfortable under Mr Peres.

Mr Peres has also risked a high public price for his ambition. There has been unprecedented public reaction to the levels of intrigue reached in the three weeks since President Chaim Her-zog called on him to try to form a government, after Mr Shamir lost a vote of confidence in the Knesset.

Last weekend, this prompted a demonstration in Tel Aviv in favour of electoral reform by more than 150,000 people, the biggest public protest since the outcry in 1982 against the massacre in Lebanon of dozens of Palestinians by Christian militia allies of the Israeli investor force. invasion force. Public opinion polls show that more

runic opinion poils show that hore than 70 per cent of the electorate favour changing the present extreme version of proportional representation. The principal criticism of the system is that it produces such a profusion of small parties that the main Likud and Labour blocs are forced to bargain incessantly to secure the support necessary to form Such was the stalemate after the last

two general elections in 1984 and 1988 that Likud and Labour reluctantly formed grand coalitions. Mr Peres was Prime Minister from 1984 to 1986 before being succeeded by Mr Shamir in a After the 1988 election, Mr Shamir managed to stay in control, but the

It was Labour's frustration at Likud's refusal to accept US terms for talks

uneasy nature of the partnership ren-dered it almost incapable of taking deci-

Jordan left uncomfortable by

60-member royal

commission is to draw up a

national charter aimed at

ending a 30-year ban on political parties in Jordan, Lamis Andoni writes. The step is part of a series of a

liberalisation measures which was initiated last

November with a general

election and followed by a freeze on martial laws which

The national charter is

expected to put an end to the exclusive status that the

Moslem Brotherhood has enjoyed since 1958 and

secure the commitment of the leftist and Pan Arab

nationalist trends to the

Moreover, the migration of

thousands of Soviet Jews to

Israel has reinforced Jordanian

fears that Israel wants to cause

a mass Palestinian exodus to

the East Bank as a prelude to

transforming Jordan into a substitute Palestinian home-

Jordan, therefore – in the absence of any other effective Arab support – welcomes the emergence of Iraq as a military

power which can act as a deter-

rent against Israel. Jordanian officials, however,

are less happy about the man-ner in which President Saddam plays his cards. They believe his admission that Iraq pos-

sesses lethal chemical weapons and his rhetorical outbursts

have played into the hands of

Hashemite monarchy.

had paralysed political life.

bitter Iraq-Israel squabbling



Peres: vital votes

with the Palestinians that led Mr Peres to try to form his own government

without Likud. The task seemed all but impossible at first, given that Labour had only 39 members in the Knesset. Support from small left-wing and Arab factions and Agudat Israel, one of the four religious parties, brought the numbers up to 60, but that was one short of a majority.

It was then that the real scheming began that has evoked such public dis-

gust. First Mr Peres - a *kippa* on his usually bare head — sought support from two more ultra-orthodox parties. These were the Shas and Degel Hatorah parties, with eight seats between them committed to Likud.

Labour and Likud both shamelessly

commandeered public funds to give to religious institutions as the new budget went through parliament. When that tactic failed, the Labour leader turned his attentions on five dissident members of Likud, upset by what they regarded as Mr Shamir's broken promises to them of office and other rewards. ises to them of office and other rewards. By making his own offers, Mr Peres last weekend secured the public support of one of this group, Mr Avraham Sharir, thereby achieving the clusive 61 Knes-

Mr Peres has shrugged off the public howls of dismay at this shabby process. He said that what matters is where his government would lead, not how it

came into being:

His calculation is that once he gets into office, some of the small parties now allied to Likud may come his way for fear of being left in opposition. This would give him greater stability to

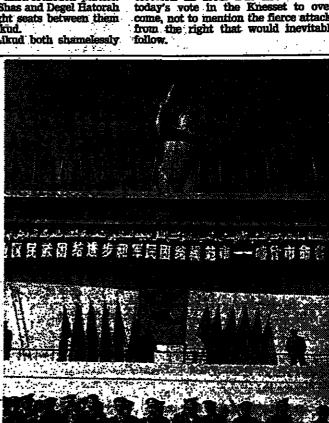
resist attacks from Likud.

The Labour hope is that momentum would build up behind a Peres government as the public saw progress on the peace front after months of stalemate. The party expects strong support from the US and Europe and from the Soviet Union, which has so far hesitated to restore ties severed after the 1967 Six.

In particular Mr Peres hopes to attract external help for the huge task of absorbing the hundreds of thousands of Soviet Jews expected to arrive in the

coming years.

He has his eye on the next general election in 1992. But first there is today's vote in the Knesset to overcome, not to mention the fierce attacks from the right that would inevitably



Police on duty in front of the giant statue of Mao in Kashgar

# Chinese troops may have killed 50 in Moslem riots

TWO negotiators sent to calm Islamic unrest in China's remote north-west were killed and in subsequent riots secu-rity forces killed about 50 people, Western travellers said yesterday quoting local people, Reuter reports from Peking. Officials in the Xinjiang region reached by telephone from Peking declined comment on Western media reports that troops had crushed a riot near

the ancient Slik Road city of Kashgar last week.
In the most detailed version so far of the events, two Swedish tourists, Mr Jan Arell and Ms Karin Teghammar said in Peking that, according to

unconfirmed accounts, trouble flared in a town some 50 km from Kashgar.

The trouble began after the local ethnic Kirghiz community had been prevented from building new mosques. Two Chinese negotiators sent to the town, near Kashgar's airport, were killed after talks hit a

Riots then erupted and troops suppressed them, killing about 50 people, the Swedish couple said, quoting local

The couple said that at the time of the reported unrest they were in the regional capital of Urumqi some 600 miles away and could not confirm the accounts independently. They did not know the name of

the town: A Western diplomat in Peking said he had heard similar reports from different

A Communist Party official in Kashgar told a West German reporter that the unrest had been "suppressed" by Friday. He gave no details:

The Swedish tourists quoted airport and bus station officials in Unusual as saving on Sweday.

in Urumqi as saying on Sunday that foreigners were forbidden to go to Kashgar. "There were police standing behind the women selling bus tickets," end Avail

said Arell.
About half of Xinjiang's 15m people are non-Chinese minorities sharing the Moslem faith with inhabitants of the Soviet Union's restive Asian republics, Tadjikistan and Kirghizia, across a long and sensitive bor-

# Nepalese opposition

royai palace. Pasupati Rana, a member of the present Cabinet, rejected the opposition's demand for dismissal of the government.

"Creating a consensus is always a difficult task, but there are instances of consensus heters are distances of consensus before greated out of the consensus heters.

divergent parties", Rana said.

The Congress and the United Left, allied in the Movement for the Restoration of Democracy (MRD), are pushing for a new constitution limiting the role of the monarch.

Vishnu.
Girija Prasad Koirala, general secretary of the Nepali Congress, said the demand for the king's role to be reduced to a constitutional monarch was shared by the entire opposi-

"No one wants to relinquish power but we have to see the sentiments of the people. Mr Koirala said in a reference to eight weeks of pro-democracy campaigning by the MRD. He said there could be more vio-

lence if opposition demands
were not met soon.
Both the Nepali Congress
and the communist factions of ent system,

# ANC puts up moderate negotiating team

THE African National Congress (ANC) will be represented by a relatively moderate delegation of 11 anti-apartheid leaders when it holds its first formal talks with the South African Government early next

The talks, aimed at remov-

Britain was not mentioned

many, and a number of African countries.

- appear to be at an early Mr Mandela has made clear don; however other senior ANC officials say the invita-tion should be refused, in protest at Mrs Thatcher's opposition to economic sanctions

against Pretoria.

Mr Mandela will lead the ANC delegation to the May talks. The team will include two former political prisoners who served long sentences with him: Mr Walter Sisulu and Mr Ahmed Kathrada.
Three other internal anti-apartheid leaders will also

Cheryl Carolus; all are senior officials of the United Demo-cratic Front (UDF), an ANC

was legalised two months Mr Naude, a dissident Afri-

Israel, bent on convincing the

West of the untrustworthiness

Iraq's credibility and status are very relevant to its emergence as a deterrent force," said one government official. "But Sad-

dam will lose his credibility and seriousness if Israel

decides to use the current

western campaign to strike

said to have been particu-

against Iraq."
The Jordanian Government

larly alarmed by the enthusi-

asm in the Arab world that greeted Saddam's warning to

Israel. For many the impact

was a reminder of the euphoria which Gamal Abdul Nasser,

the late Egyptian President, created immediately before the Arab defeat in the 1967 war

be repeated if the Arab world

is not ready," a Jordanian poli-tician warned. "Both our alli-

ance with Iraq and our support for the Palestinians are essen-

tial prerequisites for the

long-term stability and secu-

rity of Jordan. Our dilemma is how to keep them without being trapped in a premature confrontation with Israel."

Jordan and Egypt (which are members of the Arab Co-opera-

tion Council together with Iraq and North Yemen) are believed to have pressured President Saddam to tone down his state-

ments and reiterate Iraq's sup-

port for peace in an effort to avert any Israeli action against

"The same experience could

against Israel.

"Saddam's and consequently

of the Arabs.

kaner cleric, was a surprise addition to the delegation. Exiled members of the delegation will include Mr Affred Nzo, ANC acting President, Mr Thabo Mbekl, shadow Foreign Minister, Mr Joe Slovo, the general secretary of the South African Communist Party, and Mr Joe Modise, the military Apart from Ms Carolus, the

delegation includes no mem-bers of the younger generation of more radical anti-apartheid leaders.



# announced the composition of Minister, to meet her in Lon- affiliate which rose to its delegation to the talks, don; however other senior prominence before the ANC

ing obstacles to negotiations on a post-apartheid constitution, were to have taken place today. The ANC insisted the meeting be postponed in pro-test at police shootings of black demonstrators, and new dates have been set for May 2

The ANC's national executive committee, its chief policy-making body, yesterday

its delegation to the talks, and released details of an extended overseas visit by Mr Nelson Mandela, its deputy

in the itinerary, which included the US and Soviet Union, France and West Ger-

No dates were released and plans for the visit – which is due to be completed by July

that he wishes to take up an invitation from Mrs Margaret Thatcher, the British Prime

aftend: Mr Archie Gumede, Rev Bevers Naude and Ms

#### Paris thanks Gadaffi for release of three hostages By Lara Marlowe in West Beirut and William Dawkins in Paris THREE European hostages released by Palestinian extremists in Lebanon were due to arrive in Parls last night as the French Government thanked dispute, in which France had been supporting the Chadian Government. French officials deny that the "the determinant role" which he had

Libya for its part in ending their twoand-a half year ordeal.

Ms Jacqueline Valente, a 32-year-old
French woman, Mr Fernand Houtekins, her 42-year-old Belgian companion, and the couple's daughter Sophie, were freed by Abu Nidal's Fatah revolutionary Council (FRC) in West Bei-

rut yesterday morning.

Ms Valente and Mr Houtekins had been captured in November 1987 on a yacht in the eastern Mediterranean. and Sophie was born in captivity a month later. The French Foreign Ministry yes-

terday issued a statement expressing satisfaction and recognition for this "noble and humanitarian gesture". This would be given proper consideration in future relations between France and Libya, said the ministry.
Mr François Mitterrand, added his
personal thanks to Col Muammer
Gadaffi, the Libyan leader, for the

played in "this happy ending", a statement from his office said.

Col Gadaffi yesterday called for western countries to respond by free

ing Arab political prisoners. He appealed on April 4 for the release of Ms Valente and her family. (Ms Val-ente gave birth to two daughters in captivity, but the second baby died at Last month Paris returned to Libya three Mirage jet fighter aircraft sent

to France for repairs. The return of the fighters had been blocked since 1986. The delivery, authorised by France last November, has been critcised by the US. Formerly strained relations between France and Libya have picked up recently, despite renewed allegations from other Western coun-

toxic gas weapons.

Diplomatic relations have warmed since last August's agreement between Libya and Chad to pave the way for a settlement of their frontier

tries that Libya is illictly making

return of the fighters was directly aimed at obtaining the hostages' return, or that the delivery contravened a 1986 European Community ban on arms exports to countries implicated in supporting terrorism. The fighters do not increase Libya's military potential, they argue.

It is still unclear whether four

remaining Belgian hostages captured along with Ms Valente and Mr Houthers are being held in Lebanon or Libya. Ms Valente told journalists in Beirut yesterday that she was "tired after the journey," fuelling speculation that the hostages may have been transported from Libya before their roleses.

The four Belgian hostages still held by the FRC are Fernand Houtekins's brother, Emmanuel, aged 44, his wife Godelieve, 50, and their two children,

Laurent and Valerie, who are 19 and 18 years old. Mr Hollanis van Loocke, the direc-

tor of political affairs at the Beiglan Foreign Ministry, is still in Beirut-attempting to secure their release, but the FRC appears determined to obtain the freedom of Mr Nasser Said, one of its members imprisoned in Belgium, before releasing the other hostages. Mr Nasser was found guilty in 1980 of carrying out a grenade attack which killed a 15-year-old Jewish boy and wounded 20 worshippers at an

Antwerp synagogue.

The FRC sought to gain maximum publicity from the liberation of the three Europeans yesterday. Since Col Gadaff, made his appeal on April 4, the FRC's spokesman in Beirut, Mr-Walid Khaled, has issued communi-ques and held press conferences almost daily.

In an interview on April 5, Mr Khaled linked the FRC's hostages to 17 other Western Kostages held in Lebanon. He said the release of the hostages was a "prelude" to the freedom of "all" Western hostages and confirmed that his course host made confirmed that his group had made contact with pro-Iranian kidnappers.

# Burmese make forced labour part of national policy

By Roger Matthews

BURMA's military regime appears to have abandoned any pretence at securing even marginal public sympathy in the run-up to elections planned for May 27.

Although it has been clear for some time that the regime.

which in 1988 killed and wounded thousands of pro-democracy demonstrators, would not permit a fair test of public opinion, it had been assumed it would not seek to alienate the population even further.

However, hard on the heels of its forcible relocation of tens of thousands of people living in Rangoon and other large cities,

the army has now found a new method of forcing civilians into becoming ungaid porters for the soldiers fighting ethnic reb-els along Burna's borders. Finding it increasingly diffimit to spatch wary young men from the streets, eye witnesse say troops have recently taken to seizing women and small children. In several well-authenticated swoops in the past

three weeks, dozens of women and children have been detained.

When husbands and fathers arrived to seek their release they were given the option of paying a large ransom, or "vol-unteering" as a porter in return for the release of the wives and children. Deaths among those press-ganged as porters has been high as they are often unfit for the task and

forced to carry heavy burdens through jungle and into com-Meanwhile the regime is husily adding to the restric-tions already imposed on the conduct of the general election. Having detained and jailed thousands of opposition activists, refused to sanction public rallies, and restricted each party to one 10-minute pre-cen-sored statement on radio and television, the regime is now planning to announce only the winners of each constituency.

a complete list of candidates and parties. The result of this will presumably ensure that the regime-backed National Unity Party emerges as the victor. Even if, as some apologists for the Burmese regime claim, vot-ing on polling day takes place without official hindrance, there will be no way of know-

It has already refused to issue

ing the real outcome.

The regime has refused to international observers and seems likely to maintain its ban on foreign journalists.

# rejects offer

NEPAL'S main opposition parties, banned for three decades until bloody protests last week, yesterday refused an offer to participate in govern-ment, Reuter reports from

Kathmandu. Sahana Pradhan, leader of a seven-faction United Left, said the Government bore full responsibility for the shooting of protesters in Kathmandu on Friday. He said the entire political system should be disman-tied.

Absolute monarch King Birendra lifted a ban on political
parties on Sunday after the
bloodiest scenes in modern
Nepalese history. Eyewitnesses
said 50 people were killed on
Friday when troops fired at
protesters marching to the
royal palace.

The king, now functioning above the constitution, is revered by many in Nepal as a descendant of the Hindu god Vishnu.

the United Left want the government replaced by an interim government formed with or without the participation of supporters of the pres-



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-CINCINNATI DALLAS/FORT WORTH

ATLANTA

## **WORLD TRADE NEWS**

# Bill to hit back at EC single market brought into House

By Nancy Dunne in Washington

THE FIRST SUBSTANTIVE legislation which would mandate retaliation against the European Community in con-nection with its 1992 single market programme has been introduced into the US House of Representatives.

Backed by Congressman Mr Sam Gejdensen, the House Trade Subcommittee Chairman, and a Republican subcommittee member, Congress man Mr John Miller of Washington, the legislation would deny EC companies the right to use European laboratory testing to certify compli-ance with US health and safety

This could make it more difficult for European companies to do business in the US. The Bush Administration has repeatedly protested at the exclusion of US officials and exporters from meetings of the

EC product standards-setting body, CEN/Cenelec. Furthermore, US officials are nneasy about the Community's failure to formally endorse the current bilateral testing and certification system, which allows American companies to test many of their products in US laboratories. European companies are also permitted to do much of their own testing and receive certification in European laboratories.

However, complaints by the

Administration have produced only minor gains. "There comes a time when begging must stop and action must start," said Mr Gejdensen, whose committee has been closely scrutinising the 1992

The legislation would deny EC companies the rights to "self-certify" compliance with standards set by five govern-ment agencies: the Federal Communications Commission. the Environmental Protection Agency, the Food and Drug Administration, the Energy Department, and the Labour

The requirements would remain in effect until the US Commerce Secretary certifies that the EC has resolved US concerns about European stan-

dards-setting policy. US officials and industry representatives say the EC plan to harmonise all European product standards - and the procedures to test compliance with those standards - could bene-fit American business if they are non-discriminatory.

However, they worry that EC representatives to CEN/Cenelec are usually from the industry involved and say standards have already been writ-ten which would benefit European producers of anaethesiology equipment, toys and forklifts over US pro-

The US relies on its private sector to set most of its prod-uct standards. EC companies are allowed to observe standards-setting meetings and sometimes even to vote in the US, according to Mr Gejdensen.

# Sony offshoot to build video components plant in France

SONY Corporation's French subsidiary will construct an audio and video components manufacturing plant in France, the group said yesterday, Kyodo news agency reports from Tokyo.

A Sony official said that

Sony France will invest about FFr300m (£30m) to build the plant in Bayonne City, on the south-west coast of France.

The plant is expected to begin manufacturing optical pick-up devices for use with compact disc players, and single- and double-sided printed circuit boards for audio-video equipment in summer 1991, the

plied to Sony's other plants in Europe, he added. The 14,200 square-metre

plant will be located on an 88.000 square-metre site.

The products will be sup-

It will be Sony's fourth manufacturing venture in France, the company stated.

## **Bechtel wins** HK airport adviser contract

BECHTEL OF THE US yesterday won a HK\$90m (26.8m), 20-month contract to act as the Hong Kong Government's programme implementation adviser on projects cost-ing over HK\$50bn for a new airport with road-rail links, John Elliott reports from Hong

This is the first of a series of consultancy contracts to be awarded for the Colony's HK\$127bn long-term programme of airport and seaport works. It will be extended after its termination date of December 1991 if work goes smoothly.

Working with Halcrow Part-nership of the UK, Bechtel will help the government co-ordinate the programming, budgeting and overall control of the airport and link projects, to be ready by 1997. Bechtel and Halcrow are among seven contenders for a HK\$300m master-plan consultancy for all the HK\$127bn projects, likely to be awarded soon. Other contenders include Austin Company of the US, working with Freeman Fox of the UK; Pei Cobb Frei of the US, McDonnell-Douglas, and

#### Mongolia seeks Gatt membership

MONGOLIA wants to join the General Agreement on Tariffs and Trade as part of a broad restructuring of its economy, Mr Dashiyn Byambasuren, First Deputy Prime Minister, said, Robert Thomson reports from Ulan Bator.

Mongolia would "not hesitate to join Gatt," he stressed, but "some factors are outside our control, such as Gatt's willingness to accept us. I think we are starting on an eouomic reform programme that will eventually lead us to

ering joining the Asian Development Bank, as part of a "more international economic policy". It wants to trade with western countries, and replace a centrally-planned system with a "state-controlled market economy".

About 90 per cent of Mongo-lia's trade is with Moscow.

# US tries to jump-start Panama economy

White House is working to mobilise private sector initiative, writes Nancy Dunne

A \$40m (£23.5m) business investment fund, a luxury hotel, and a shrimp farm oper-ation with plans to employ an entire town are among the projects developing under a Bush Administration plan to help "jump-start" the Panamanian conomy through private sector stimulus.

The initiative, overseen by the US Overseas Private Investment Corporation (Opic), s, in just a few weeks, ge ated \$70m in investment pledges, a figure which could climb to \$100m by the end of Although that sum pales

aloneside the more than \$2bn

owed to Panama's creditors,

the Administration believes an injection of quick cash in the tor will provide liquidity and lobs, helping the nation survive until the President's proposed \$500m-\$1bn aid package obtains Congressional approval, which will then filter through to the economy. Key to the private sector "jump-start" is the Panama Economic Recovery Fund, a creation of two former Reagan Administration officials, Mr H.P. Goldfield, a White House Associate Counsel, and Mr

Craig Fuller, President Bush's former chief of staff. Opic will serve as guarantor of the fund's promissory notes and overall supervisor of its investments. Strategic Resources Corporation, a Washington-based international trade and consulting firm, will serve as the fund's general partner.

It is searching out a large US bank already operating in Pan-ama to be local financial partner, identifying investment opportunities and managing the fund's day-to-day perations.
A US lending institution will

purchase \$20m-worth of guaranteed promissory notes, pro-viding half the fund's capital. The other half will be funded through purchase of limited partnership units at \$1m each by US and Panamanian corpo-

One of the Fund's first targets is the Panamanian con-struction industry, badly damaged by US sanctions. As liquidity dried up, the industry went from doing \$160m-worth of business in 1987, to \$12m in 1989, to a projected \$8m this year, according to Mr Gold-field.

The fund plans to purchase a portfolio of discounted seasoned mortgages held by Panamanian and US financial institutions, to provide local banks with the liquidity to finance new construction projects particularly those geared to low- and lower-middle income housing.
It will also lend money

through Panamanian banks to middle- and upper-market Panamanian companies which have been profitable in the past but now suffer a lack of short and medium-term credit. In addition, it will search out

The plan has, in just a few weeks, generated \$70m in investment pledges, which could climb to \$100m by the end of April

investments in Panamanian companies, joint ventures and privatisation projects identified by the Panamanian Government, such as the privatisation of Air Panama and port facili-

As strong supporters of President Bush, Mr Goldfield and Mr Fuller combine patriotism with profit. Mr Goldfield sees an opportunity for big pay-backs, once Panama gets on its strengthen its fledgling democratic institutions. If Panama falters on its path to democwell for having not helped," Mr Goldfield said.

Most of the planned projects Most of the planned projects have grown out of a recent Opic mission to Panama, headed by its peripatetic president, Mr Fred Zeder, who has also been matching up US investors in deals around east-

ern Europe.

Opic is the US government agency which underwrites political risk insurance and makes equity investment in developing countries. One of the dozens of "old friends" of President Bush, Mr

Zeder was given a White House send-off to Panama on a trip attended by 27 representative of American business includ-ing AT&T, American Express, Unocal Geothermal, GTE and At their destination, the

investors were met by Panama's President Guillermo Endara, Vice-President Guillermo Ford, and dozens of Panamanian government and business officials.

"it really opened really our eyes to great opportunities," said Mr Eric Levy, director of grower relations at Great American Farms. "Farms" has targeted a group of farmers for special assistance to produce exportable melons. It will teach the Panamanians to expand production, and package and mar-ket their produce in the winter months in the US and the UK.

Mr Joe Thaggard, president of Ahrix International, a Coral Gables Florida aquaculture company, has tried for years to expend its 40-man operation in Perita, on the Pacific near Costa Rica, where conditions are ideal for harvesting

shrimp.
For four years, he knocked on doors to get the necessary permission and got nowhere. The World Bank, which had offered assistance, pulled out of the deal.

On the Opic trip, Mr Thag-gard said he found "an atten-tive and intelligent group running the government

Land concessions were quickly agreed, with a 20-year lease provided. The company is now-set to expand to 140 employees and to build hous-

ing for its workers.

During the mission, the
TransAmerica Hotel Group
announced plans to build a
450-room Raddison resort about 75 miles west of Panama City on Coronado beach. Con-struction is scheduled to begin in mid-summer this year, employing 250 Panamanians. The hotel is scheduled to open in December, 1991, providing jobs for about 400 full-time workers.

# Third World urged to speed Uruguay Round

By William Dullforce in Geneva

THE EUROPEAN Community and the US yesterday called on the developing countries to accept modifications to the special treatment they receive under the General Agreement on Tariffs and Trade, to allow

for success in the Uruguay Round trade-liberalising talks. The world's two higgest trading powers reiterated their firmness on this point after the developing countries had complained to the Trade Negotiations Committee (TNC), the governing body for the trade talks, that nothing fundamen-The ruling party was considtal had so far been done in the Round to meet their interests. Both Mr Tran Van Thinh. ad of the EC delegation, and Mr Warren Lavorel, the US Co-ordinator for the trade talks, voiced "cautious opti-mism" about the outcome of

the Round, but stressed the

next three months would be The Round is due to end at a trade ministers' meeting in Brussels in December, but Gatt aims to have an outline package of results for the 15 sub-

jects under negotiation ready by the end of July. In a joint statement to the TNC, the developing countries said they were being asked to ignore the principle enunciated at the start of the Round in 1986 that they should not be required to make concessions inconsistent with their development, financial and trade

No agreement had been reached on ways of reversing protectionist policies harmful to their exports in the groups negotiating on market access. In contrast in the "new" areas in which the developed

countries were interested, an outline agreement had been defined for trade in services and attempts were being made to impose disciplines on countries' policies on intellectual property protection and foreign investment that went beyond trade effects.

The consequences would be extremely serious for the Round, if this state of affairs was not immediately rectified, the developing countries said. Mr Tran Van Thinh said the EC's priority in its relations with the developing countries was to ensure they took on greater obligations under Gatt as they advanced in their development. The article under which they can claim exemptions from Gatt rules for balance of payments reasons was

too big a loophole.

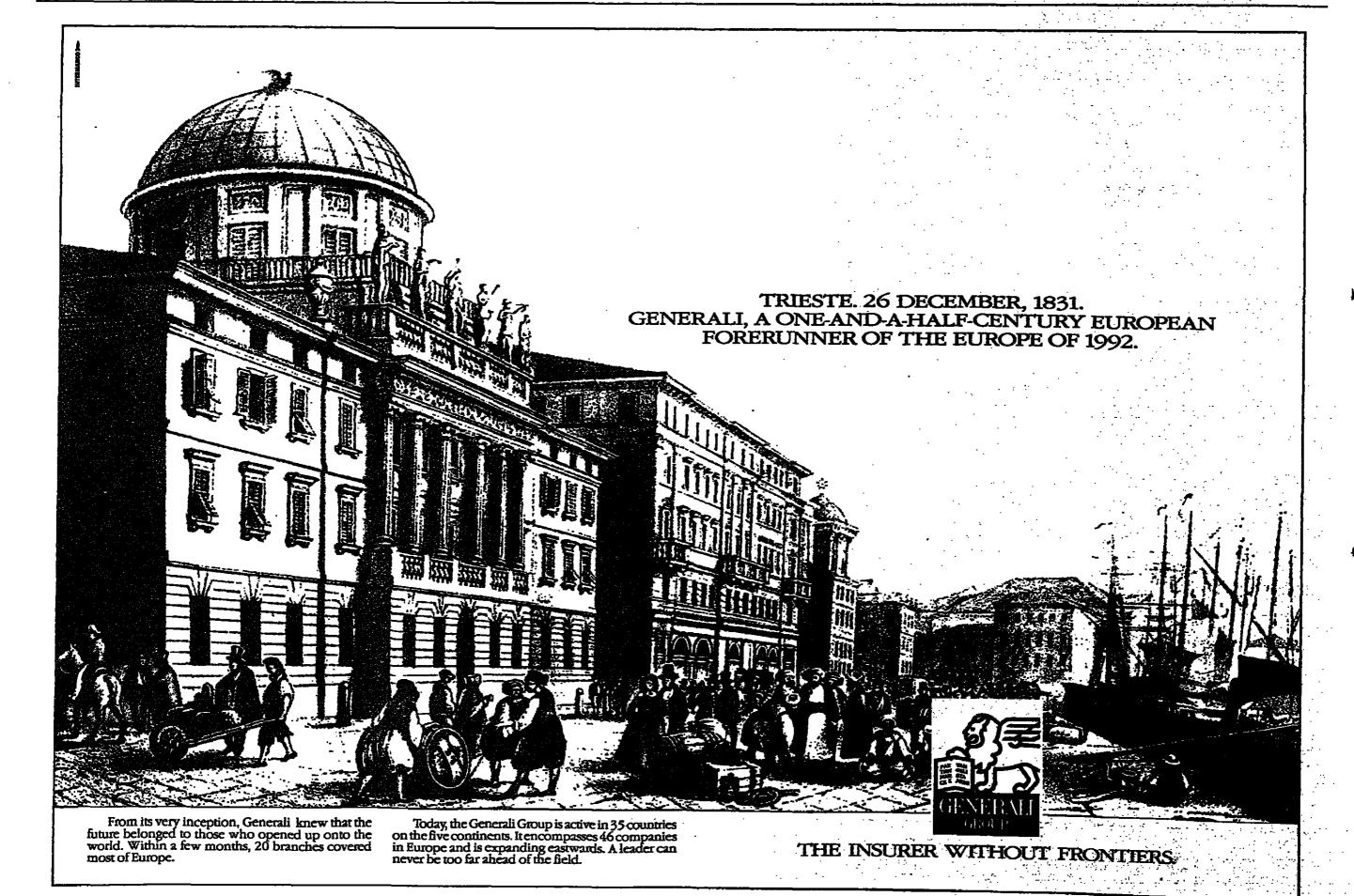
commitments from developing countries to reduce and bind tariffs. On the other hand, the EC was ready to negotiate the liberalisation of trade in tex-tiles and clothing, called for by developing countries, and accepted an agreement cover-ing trade in services had to contain a dynamic develop-

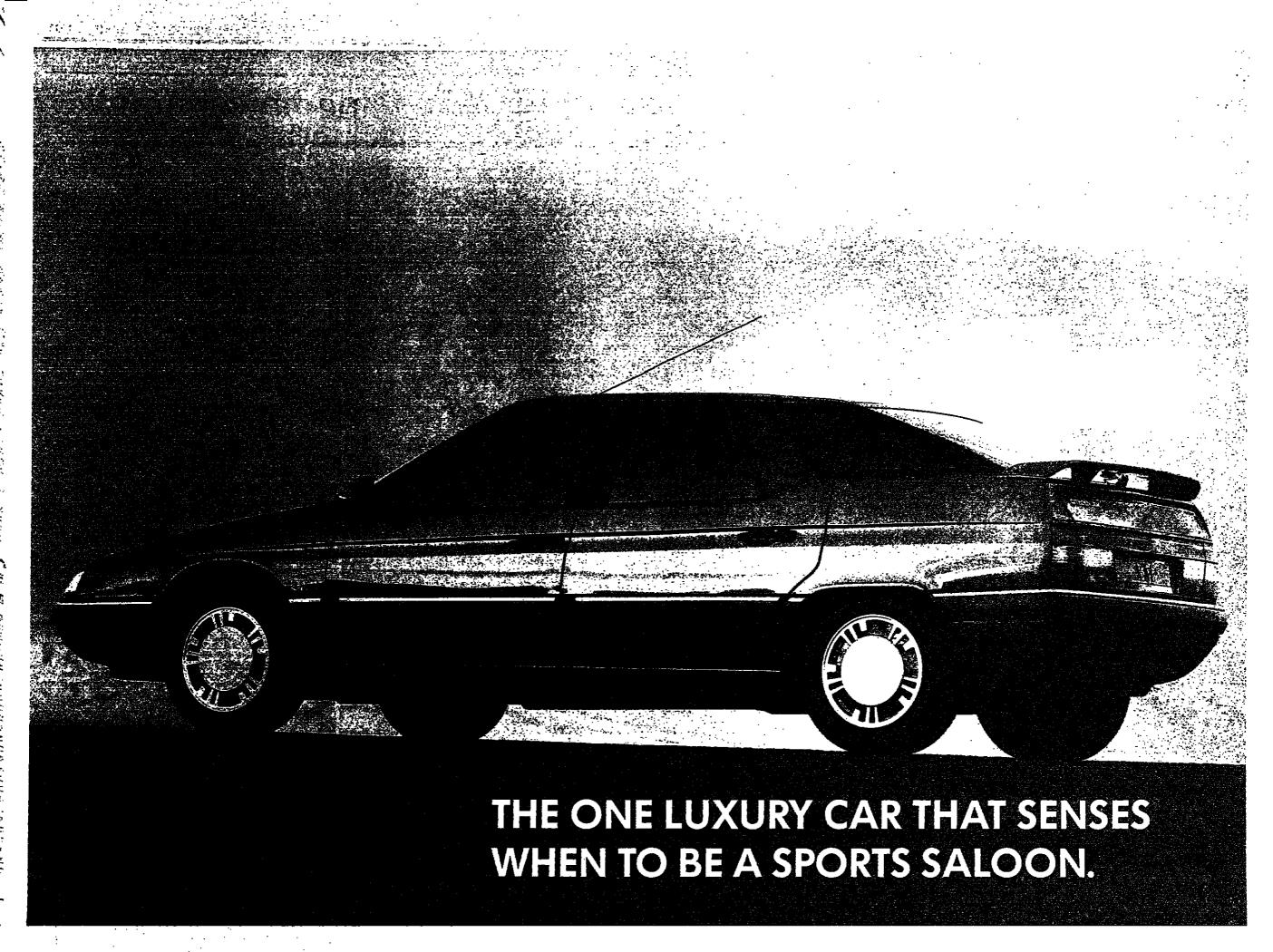
Mr Lavorel said the US was serious about having a satisfac-tory agreement on Third World balance-of-payment exemp-tions. The US accepted it would have to give up some sovereignty over its trade policles in favour of multilateral trading rules, and was willing to seek a genuine belance in the results of the Round. But it was not willing to waste time on arguments designed to block the talks or eliminate specific issues.

#### Moscow urges CoCom reform

MOSCOW yesterday orged the West to make new rules covering exports to eastern Europe of sensitive technology with possible military application, Reuter reports from Bonn. Mr Stepan Sitaryan, chair-

man of the Soviet State Foreign Economic Commission, told the 35-nation Conference on Economic Co-operation in Europe that CoCom rules barring export of computers and other electronics equipment to the east should be reviewed. CoCom, the Paris-based Co-ordinating Committee for Multilateral Export Controls, consists of 19 countries domi-nated by Nato. "CoCom should nated by Nato. "CoCom should no longer be a sacred cow," Mr Sitaryan said. "We propose talks begin on rules to govern transfer of dual-purpose tech-nology, with, if necessary, inspection procedures for mon-itoring its application."





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THE ROAD AHEAD



CITROËN XM

# **Insolvencies rise** as high interest rates take effect

RECEIVERSHIPS

Source: KPMG Pest Marwick McLintock

together groups of companies rather than counting each indi-vidually, record 543 receiver-

ships in the first three months, compared with 348 in the last

quarter of 1989 and 260 a year

Grant Thornton, which

counts each company sepa-rately, reports 981 receiver-

ships so far this year, up from 626 in the previous quarter and

Small and medium-sized

businesses have been worst affected by the current tough economic climate, with few

prominent companies going into insolvency. Smaller com-panies "have insufficient finan-

cial resources and less depth of management skills" to with-stand a downturn, said Mr

The number of receiverships

so far this year has been run-

ning at about the same level as

during the early 1980s reces-

There are, however, many

more companies in existence

than a decade ago and since a

large proportion of new busi-nesses fold during the early years, this alone would have led to an increase in insolven-cies even without higher inter-

just 347 a year ago.

Manufacturing

Property/

Retailing

Proportion of

INSOLVENCIES in the UK rose sharply in the first three months of this year, due to the effects of high interest rates. The number of companies

going into receivership jumped by around 55 per cent over the previous three months, according to figures published separately yesterday by KPMG Peat Marwick McLintock and Grant Thornton, the accountancy

Compared with a year ago. the rate of corporate insolvency has increased two or three times, depending on which firm's figures are used. Worst affected have been

property and construction com-panies and the retail industry, as high interest rates have hit the property market and eaten into consumer spending. Both accountancy firms also report a worsening position among manufacturing companies, which have begun to feel the pinch from lower orders following the fall in retail sales. Textile companies in particular have suffered from the

Companies in the south of the country, where mortgages are highest and domestic property prices have fallen furthest, have been damaged most by the increase in interest rates.

Both firms also predict high numbers of insolvencies during the rest of this year if, as the government has indicated, interest rates remain high. Mr Tim Harward, Peat's

senior insolvency partner, said that the introduction of the uniform business rate would also push some companies over the edge, particularly in the

Peat's figures, which lump

# inflation hit by cost of loans

HOUSE price inflation dropped to zero last month as high interest rates continued to depress the housing market across the country.

House prices nationally rose

an average 0.5 per cent last month, but the underlying

month, but the underlying trend is flat, according to the House Price Index published yesterday by Halifax, Britain's largest home loans and savings institution.

The depression in the market contrasts with house price increases of more than 34 per cent at the end of 1988, the boom year for the market.

Falling prices will continue to depress the market until next year, the survey, pub-

next year, the survey, pub-

lished yesterday, predicts. Regions worst hit are the south – where homes are sell-ing at 10 per cent to 20 per cent below 1989 figures – and Wales, where the underlying trend of annual price inflation has dropped from more than 32 per cent to 8 per cent over the same period, with the quarterly figure up by only 1.6

Prices are slowing rapidly throughout the north, where homeowners enjoyed a 25 per cent increase in property val-

cent increase in property val-ues in the past year.

So far this year, prices have fallen by 1.7 per cent and 0.9 per cent in the East and West Midlands, with the annual rate for house price inflation turn-ing negative at -1.23 per cent in the East -2 per cent in the in the East -2 per cent in the West Midlands. In the north west, prices are still rising but at a slower pace, with the rise in the first quarter down to 1.9 per cent and the annual rate at 23.4 per cent.

House prices in Scotland fell 0.3 per cent in the first quarter compared with an annual rise of just below 17 per cent.

House price | Iveco Ford regains leadership of truck market from Leyland DAF, Hino sales fall

# Sharp fall in commercial vehicle demand continues

By Kevin Done, Motor Industry Correspondent

COMMERCIAL vehicle sales in the UK fell by 11.45 per cent in March to 32,043 continuing the sharp decline in demand. which began in the final quarter of last

Commercial vehicle registrations have been lower than a year earlier in each of the last six months, and in the first quarter this year sales dropped to 89,334, a fall of 11.54 per cent compared with the corresponding period last year according to figures from the Society of Motor Manufacturers and Traders. The drop in commercial vehicle sales

in the face of high interest rates and the UK economic slow-down has hit

truck makers most severely.
UK truck output has been cut drastically and most truck makers have been forced to impose three or four-day

working weeks. Iveco Ford, the UK joint venture between Iveco of Italy and Ford of the US in which Iveco, a subsidiary of Flat, has management control, regained its leadership of the UK truck market in March from Leyland DAF, the UK subsidiary of DAF of the Netherlands. Iveco Ford sales in March alone were

only 7 per cent lower than a year ago compared with the 21.5 per cent drop in the overall UK truck market (above 3.5

tonnes) and a 19.6 per cent fall in Ley-land DAF registrations.

In the first quarter Iveco Ford increased its market share to 26.8 per cent from 24.2 per cent a year ago, while Leyland DAF increased its share to 22 per cent from 19.7 per cent. Volvo and Scania of Sweden have lost most

ground in the first quarter.

AWD, the small privately-owned UK truck maker, which took over General Motors' chronically loss-making Bed-ford truck operations at the end of 1987 and re-entered the UK civilian truck market in late 1988 captured 2.3 per cent of UK truck sales in the first quar-

Registrations of Japanese Hino trucks, assembled in Ireland, fell to only 85 in the first quarter.

In the van market one of the sharpest falls has been suffered by Nissan of Japan, whose medium van registrations were 37 per cent lower in the first quar-ter reducing its share of the segment to 4 per cent from 5.5 per cent a year ago. Ford the dominant UK van market leader, has lost ground as a result of the prolonged loss of production at its Hale wood and Southampton assembly plants in the first quarter.

# **Blueprint for London** region set for 1992

By John Hunt, Environment Correspondent

GREATER investment in public transport, job training and low-cost housing is advo-cated for south-east England in planning proposals to take the region into the early years of

the next century.

The strategy was published yesterday by Serplan, the planning organisation representing 143 county, district and borough councils in the south-east including London

After consultation the document will go to Mr Chris Pat-ten, the Environment Secre-tary, who will take it into account when drawing up the Government's proposals to be announced next year. Serplan emphasises the need

to prevent congestion in the region and to preserve the environment while maintaining economic prosperity so that the south-east can com-pete in the single European Community market after 1991. It envisages the City of London continuing to play a lead-ing role as an international centre of commerce. But it urges that commercial and industrial activity should move from the overcrowded west of the region to eastern areas. "The emphasis should be on

wealth creation rather than more jobs as such. Strategies should focus on making better use of the region's resource capacity in land, labour and capital," says the report

The aim should be to enable the growth of capacity to be increased in those parts of the region which have experienced decline and whose recovery is "Implementation of this

strategy will also relieve pres-sures in areas of economic growth which now exhibit symptoms of overheating and

Authorities are urged to support recycling and encourage industries which are energy efficient and use "clean" nonpolluting technologies.

(Shaping the South East Planning Strategy, ES, Serplan, 50,64 Broadway, London SW1H

# Chemical formula for an investment boom

Peter Marsh assesses the prospects for one of British industry's few areas of export growth

BRITAIN'S chemicals sites are swarming with contractors as the industry's investment boom of the past few years shows no sign of letting up. Many other areas of industry fear a slowdown in capital spending, yet invest-ment in the chemicals sector is likely to be about £2.4bn this year – a 9 per cent increase in real terms on 1989.

The forecast, from the UK Chemical Industries Association, is a rare piece of good news for manufacturing gener-

ally. The chemicals sector is one of the UK's strongest production businesses, with an output of 225bn a year and a good exports record. It had a balance-of-payments surplus last year of £1.7bm.

The predicted investment increase comes after several years of large rises in capital spending by the sector, but assessing it is made difficult because demand for chemicals has slowed. That has been apparent in the past few months not just in Britain but in much of the rest of Europe and the US - all of which are large markets for the export-oriented UK industry. The deterioration in condi-

tions for chemicals trading prompts two questions. Is the business taking a long-term view and proceeding with investment geared to the better economic climate expected later in the decade? Or is it

behaving like a runaway train? Many chemicals industry leaders in Britain are guardedly optimistic. The sector's of its investment in Britain is geared to regions around the world where demand patterns may be stronger or less cycli-

"Everything we do is based on the international business," says Mr Richard Lines, chairan of MTM, a medium-sized chemicals maker with likely revenues this year of £100m, of which 60 per cent will be over-

After emerging from a dis-mal period of low demand and rock-bottom prices in the early 1980s, the UK industry has expanded steadily over the

UK chemicals industry Capital spending at current prices 20 1.0

past four years. In recent months, chemicals makers have become anxious because of worldwide weaknesses in manufacturing sectors that are big buyers of plastics and other chemicals products. The sec-

tors include cars, construction and packaging.
Signs of trouble have coincided with overcapacity in Europe and the US in bulk chemicals – the low-value, high-volume end of the industry - caused by the large sums spent on plant development. openings and expansions. That has caused a cut in prices and a slide in profitability of many of the world's hig chemicals

The industry has hardly been cheered by some gloomy forecasts which indicate that the weak market for chamicals

is likely to persist until 1993. Many companies reckon they can steer clear of any troughs by moving their product strate-cies away from bulk chemical products, mostly derived from etroleum, natural gas or basic inorganic materials.

Instead, they are directing their product strategies at so-called speciality chemicals, which are sold at prices of up to several hundred thousand pounds a tonne. That contrasts with the £500 to £1,000 price range of many basic chemicals such as ethylene, an oil-derived gas which is a basic building block for many chemicals, and bulk plastics.

The speciality materials, besides being more profitable, are made in low enough vol-

umes to be easily exported, by air freight where appropriate, and so a UK-manufacturing base is at no disadvantage when tackling world markets.

MTM illustrates the trends.

It was formed 11 years ago by Mr Lines, a former executive at Imperial Chemical Industries, Britain's biggest chemicals company, to concentrate on the speciality end of the sector.

MTM is developing a 250m factory development near Middlesbrough in north-east England to make small quanti-ties of high-value chemicals for incorporation in products such as pharmaceuticals and crop-

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protection compounds.

The confidence at MTM is echoed by Mr Peter Flesher, managing director of York-shire-based Allied Colloids, another speciality-chemicals producer. It makes materials for applications including water treatment, glues and paints. Nearly 90 per cent of his company's annual sales of £250m come from overseas.

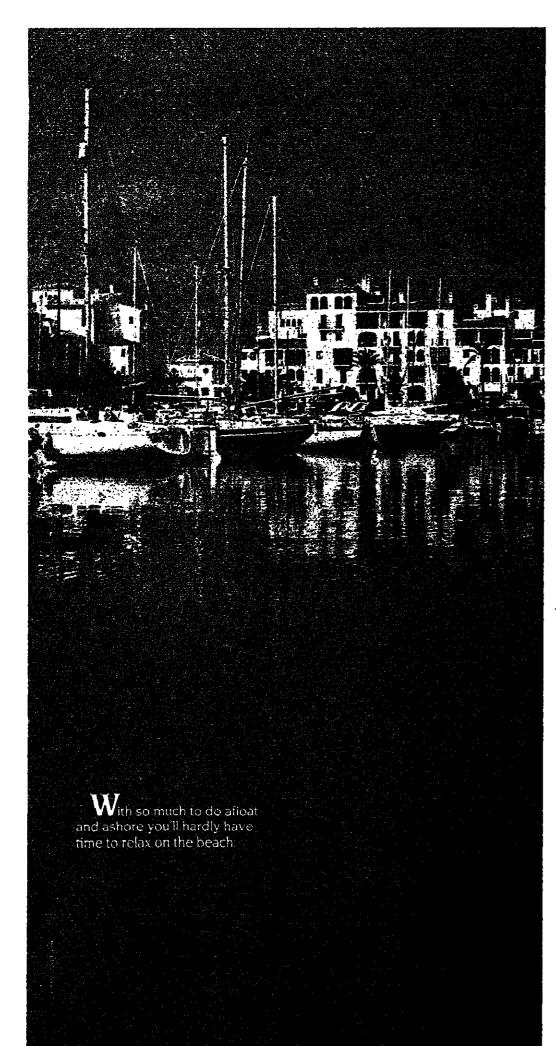
His company is spending about £18m on investment this year, two thirds of it in Britain and the rest in its foreign man-ufacturing site in South Caro-lina in the US.

The investments by MTM

and Allied Colloids are dwarfed by that of the big guns in the UK industry. Of the planned £2.4bn capital spending programme by the business in Britain this year, ICI is responsible for £50km while BP Chemicals, and Shell are due to invest £350km and £130km invest £350m and £130m.

Most of the spending by the big companies is aimed at the commodity end of the industry. BP is adding extra ethylene and plastics production capac ity to its large plant at Grange-mouth in Scotland, while Shell is developing its production complexes in Stanlow and Carrington, in the north-west, to focus on plastics and similar

For any mutterings of doubts, most chemicals execu-tives in Britain are bullish about the 1990s. They are anxbusiness has so far avoided many of the difficulties that have faced UK manufacturing



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#### **UK NEWS**



WILLIAM GOODWIN, the magazine journalist who faced a jail sentence for refusing to obey a court order to hand over notes which would identify the source of leaked confidential information about a company's financial position was fined 25,000 by a London court.

£46.7m into the red, compared with 1988's pre-tax profits of

Next wrote off £63.3m of rationalisation and reorganisation costs — about

£10m more than was forecast

announced a drop in first half

recommending a reduced final dividend of 2p a share, making 4.7p (7.4p) for the year.

Mr David Jones, the company's chief executive,

said that restructuring had

cost more than the expected 250m-255m because the group

had taken account of the increasingly difficult retailing climate.

Millions' suffer from poverty

A STATUTORY minimum

wage, increases in child benefit, and reform of the

taxation system to help the poor are called for today by the Child Poverty Action Group in a book published to

mark the 25th anniversary of the charity. Ms Ruth Lister, author of

The Exclusive Society

Citizenship and the Poor', claims that "millions of

Britons" are barred from being

full citizens because of poverty.

"Poverty spells exclusion from the full rights of citizenship in the nation's civil, political, and social spheres

and undermines people's ability to fulfil the private and public obligations of citizenship." she adds. The book calls for a 17-point

Charter for Social Citizenship

to relieve poverty in Britain.

TWO former members of Mr Ernest Saunders' staff at Guinness gave conflicting evidence about a diary Mr

Saunders is alleged to have

ordered to be destroyed. Mrs Margaret McGrath, his personal assistant, said she destroyed his secretaries'

diary on his instructions

before he left Guinness. Miss Lucy Bayliss, Mr Saunders' junior secretary, recalled seeing the diary a

week or two after Mr Saunders Mr Saunders, Guinness's

eaccuive, mr Gerain Konson, Heron group chairman, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier, deny charges arising from an allegedly unlawful share support consection

share support operation mounted by Guinness during

its 1986 takeover battle for

Retail bank profits down

The Co-operative Bank

Profits up at

Kuwait bank

The United Bank of Kuwait

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reported lower profits for 1989 as tougher competition in the

retail banking business took its toll. The Manchester-based

institution said its operating profits were £20.2m, down 14 per cent from £28.6m the year

Distillers.

former chairman and chief executive, Mr Gerald Ronso

Guinness jury

told of diary

last October when Next

profits. The group is.

#### BRITAIN IN BRIEF



# **Engineers** win key working hours deal

LUCAS INDUSTRIES said that it had agreed tentative deals on 37-hour weeks at two plant where workers are holding strike ballots over hours reductions.

The concession represents a significant advance for the engineering unions' national campaign. Lucas had previously been one of the employers to a two-hour reduction in the standard 39-hour week in engineering.

Following agreement of 37-hour deals at British Aerospace, the unions had declared Lucas as their prime target for winning shorter

#### Stock Exchange computer plan

London's International Stock Exchange has written to all its plans for developing the market's range of trading services. Its paper, The Way Forward for ISE Trading Services, follows a discussion paper published a year ago which set out a proposed strategy for developing the range of electronic services provided to users of the market. A major part of the strategy, explained in the latest paper, is for a single electronic communications link between the exchange and its members to replace the current web of incompatible systems through which the market and its users communicate.

#### Education reforms urged for teenagers

AN OVERHAUL of the education received by 16 to 19 year-olds has been proposed by the National Curriculum Council which will require all

students to acquire "core" skills in six subjects.

The proposals are aimed at breaking down the gulf between academic and vocational education, and include measures to make it easier for students to transfer between traditional A-level courses and a course of vocational study.

Development of the curriculum was prompted by mounting criticism from business and industry that the British education system was failing to produce graduates with the requisite skills for current needs.

#### Next pushed £46m into the red

PLC, the UK bank owned by Arab interests which is a prominent lender in the UK mortgage market, made a pre-tax profit of £4.1m last year, up from £2m the year JOB CUTS, high street store closures and stock write-offs before. This was after cost Next more than £75m last year, pushing the UK fashion provisions of £2.9m against retailer and mail order group sovereign debts.

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Junk bond market claims latest victim

# Sanderson sold by US group to Dutch company

By Alice Rawsthorn

SANDERSON, one of the grand private life. old names of British interior design, has become the latest victim of the fluctuating US junk bond market and has been bought by a Dutch com-

pany.

It has been bought by Gamma Holdings, the biggest Dutch textile group, for £45m and a £14m losn note.

The Sanderson name is synonymous with the floral fur-nishing fabrics - designed by William Morris, the 19th cen-tury artisan - that hang in many a middle class home. But behind the very British facade of its William Morris curtains and cushions Sanderson has, for years, been the subsidiary

of a US company.
Early last year West PointPepperell, the US textile group
that owned Sanderson, became
the butt of a hostile bid from Mr William Farley, the Chicago financier linked to Mr Michael Milken, the "junk bond king" of Drexel Burnham Lambert,

the US investment bank.

Mr Farley is a postman's son from Pawtucket, Rhode Island who began his career as an encyclopedia salesman and is now one of the most powerful figures in US textiles. He aban-doned his original plan to pur-sue a career in politics after a flurry of publicity about his

In the mid-1980s, armed with Drexel's junk bonds, he bid for Northwest Industries.
He sold off most of Northwest but retained Fruit of the Loom,

which has the dubious distinction of being the biggest under-wear manufacturer in the US. Mr Farley soon became infamous in business circles by appearing in Fruit of the

Loom's advertisements clad

only in its underwear.

Early last year Mr Farley, armed with yet more Drexel junk, mounted a \$3bn bid for West Point-Pepperell. He won the bid but has since been struggling to pay the interest on his debts. West Point was already highly leveraged having made its own bid for J.P. Stevens, another giant in US textiles, only months before Mr Farley pounced. only in its underwear.

Farley pounced.

His plans to refinance the West Point deal were hindered first by the demise of the junk bond market and finally by Drexel's collapse. Mr Farley now has no option but to raise cash by selling off West Point's subsidiaries. Sanderson is one of the first to be sold. West Point will receive some cash to reduce its debts and Gamma is now the owner of one of the oldest names in British interi-

# Employers criticise 'inefficient' Government enterprise projects

By Charles Leadbeater, industrial Editor

THE Government's £180m programme to support corporate research and development is so inefficiently run that the grants paid out often barely cover the costs companies incur applying for funds, according to a highly critical report published yesterday by the Confederation of British Industry, the UK employers' organisation.

The problems have worsened significantly in the two years since the Department of Trade and Industry launched the Enterprise Initiative with the aim of streamlining support for business, says the report.

The report, based on a survey of companies which

vey of companies which account for a high proportion of non-military research and

development in the UK, comes as Mr Nicholas Ridley, the Trade and Industry Secretary is completing a wide ranging review of the initiatives launched by his predecessor

Lord Young of Graffham.
The report says the survey uncovered a consistent picture of an enormous amount of management effort being wasted in complex and protracted grant negotiations with DTI officials.

It said the difficulties had led to: "The strong opinion among some industrialists that the programmes are more con-cerned with the public relations effect than supporting UK industry." The report added: "The DTI is failing to provide the swift response needed by companies operating in rapidly changing markets, and delays are directly hinder ing companies.

Most industrialists felt that a significant proportion of the work being funded was not properly exploited and that not enough had been done to disseminate the research results

to smaller companies. The report says some programmes' aims are poorly defined, after being drawn up by committees which were sometimes amateurish. It calls for wide ranging reforms to the programme, including making seedown funding available for seedcorn funding available for companies working in key technological areas to enable them to take part in European research programmes.

Adams: change of tone

#### Adams hints at a 'conciliation'

MR Gerry Adams, president of Sinn Fein – the political wing of the IRA, is appearing on British television tonight in an interview in which he hints at a more conciliatory tone towards the Northern Ireland Office and the majority Unionist community but stops far short of explicitly backing a ceasefire in the short term. The Northern Ireland Office

terrorist campaign. But the IRA would "maintain its right to engage in armed struggle until its objectives were found". Mr Adams also hints that Sinn Fein might consider devolved Government as part of its vision of a united ireland in order to reassure Protestants in the North.

# New tax cuts in Manx budget

By lan Hamilton Fazey in Douglas, isle of Man

THE ISLE of Man government yesterday proposed its fourth successive tax-cutting budget as the island's economy continued to grow at more than

10 per cent a year. Taxation on the island off Britain's west coast will stay at 15 per cent standard and 20 at 15 per cent standard and 20 per cent higher rate, but per-sonal allowances are to rise by 25 per cent to £5,000, fully transferable between husband and wife.

Mr Donald Gelling, the new finance minister who suc-ceeded the sacked Mr David

Cannan during the week before Christmas, said that the budget's main aim was to spread more of the benefits of the growing economy to lower-paid or younger island resi-

The corporate tax rate stays at 20 per cent. The only con-cession to industry is an increase in capital allowances for developing better tourist eccommodation.

A surplus of £7.25m is forecast for the current year after putting £10m towards new capital projects and £6m to

The latter will rise to nearly 258m after being at only 21.6m in 1981, when the island's economy was struggling and its population in decline.

As a self-governing Crown dependency, the Isle of Man developed dramatically from the mid-1980's after it reformed and tightened supervision of its financial services industry in the wake of the collapse of the Savings and Investment Bank in 1982 with £42m of depositors' funds. Observer, Page 18

reneated that it will not talk to terrorist organisations. Mr Adams appears to sug-gests that if the Government met Sinn Fein to talk seriously about a solution in Northern Ireland, the IRA may call of its backing a federal structure or











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\*Source: Houftens Lid Price Survey of representative UK High Street stores conducted during Oct '89.

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# FT LAW REPORTS

# Solicitor's breach of duty does not cause loss to dispossessed tenant

STRATTON LTD v WESTON Chancery Division (Car-diff/Bristol): Judge Hywel Moseley QC sitting as a deputy High Court Judge: March 22

A SOLICITOR who knows his client's landlord is in receivership and, in breach of duty, fails to register a concluded agreement for a new lease so that security of tenure is lost on sale of the property, cannot be said to have caused the client's loss on going out of pos-session if the receivers would have sold free of the agree-ment had it been registered, in the exercise of their powers under a prior equitable mort-

gage. JUDGE HYWEL MOSELEY, sitting as a deputy Chancery judge, said that 15 Broad Street, Lyme Regis, contained two lock-up shops on the ground floor. One was occu-pied by Stratton for its hard-ware business, and the other by Tomlin for its electrical

Stratton occupied its shop under a 21-year lease made in 1961, due to expire on March 25 1982. In 1978 Tomlin acquired the freehold reversions and became Stratton's landlord. By March 1982 when the lease expired Tomlin had only been landlord three and a half years, less than the five years needed to have the right to oppose grant of a new tenancy under section 30(1)(g) of the Landlord and Tenant Act 1954. It was important for Stratton to obtain a new lease for as long a term as possible, since on the next occasion Tomlin would be able to oppose the grant on grounds that it

By notice dated September 16 1981 Tomlin terminated Stratton's tenancy on March 25 1982 but stated it would not oppose grant of a new tenancy. Stratton's solicitor, Mr Weston, notified Tomlin that it would be unwilling to give up possession on March 25. The next step would have been an appli-cation to the County Court, not before November 16 1981 and not after January 16 1982 (see section 29(3)), but the parties agreed an extension of time to

intended to occupy the shop

were conducted for an agree-

ment for a new 21-year lease to begin on March 26 1982. The terms of the agreement were set out in a letter from Stratton's valuer to Tomlin's valuer, dated January 4 1982, and were accepted in a reply dated January 14. Mr Weston had by January 14, processed an agreement which gave Stratton security of tenure for

21 years.
Such an agreement gave the lessee an equitable lease (Walsh v Lonsdale (1882) 21

ChD 9).
In the case of unregistered land that equitable lease was void as against a purchaser unless registered under the land Charges Act 1972 as an estate charge, even if he had

estate charge, even in the man-notice of the charge.

Mr Weston appeared not to have known or to have forgot-ten that, until it was pointed out to him in August 1982 when it was too late to regis-

On February 11 1982, before the new lease had been drafted and sealed, Mr Weston was told that Tomlin had gone into receivership. He believed that since there was a concluded agreement nothing could pre-vent grant of the new lease.

His last chance to register was on February 18 1962. The following day prospective buy-ers, Ford & Sons, obtained an official search certificate from the Land Charges Register showing no subsisting entries against Tomlin or the receiver. The certificate was conclusive in favour of Fords that

there were no land charges reg-istered against Tomlin on February 19. It protected Fords until March 12 from any subsequent registration of the lease agreement, provided they pur-chased the freehold reversion before then. They did. The freehold reversion was conveyed to them by Tomlin's receivers on February 23.

That conveyance was a disaster for Stratton, Because the agreement for lease had not been registered as a land charge, it was void against Fords. But that was not all. Under section 28 of the 1954 Act, any concluded agreement between landlord and tenant for grant of a new lease took the old lease out of the protection of the Act and terminated the County Court on March 30. it on the date agreed for com-

In landlord and tenant proceedings the Court of Appeal decided on November 8 1985 that the agreement between Tomlin and Stratton was 2 concluded agreement to which section 28 applied, that conse non 28 applied, that consequently the 1961 lease expired on March 25 1982, and that Stratton was disqualified from applying to the court for a new

So, because of the concluded agreement. Stratton lost the right to apply for a new lease; and because of non-registra-tion, it was not entitled to

enforce the concluded agreement it lost its security of tenure and went out of possession.

On November 27 1958, nearly
20 years before Tomlin acquired the freehold reversion it greated a security to sion, it granted a security to National Provincial Bank, now National Provincial Bank, now National Westminster. It granted a fixed charge over "freshold property now or at any time during the continu-ance of this security belonging to the mortgagor." In 1978, on Tomlin's acquisition of the freshold reversion, the Broad freehold reversion, the Broad Street premises became subject to an equitable mortgage by

virtue of the 1958 deed. The 1961 lease came first, followed by the equitable mortgage in 1978, followed by the agreement for a lease in 1982.

The receiver was appointed under the 1958 deed. Stratton began proceedings for profes-sional negligence against Mr Weston on December 16 1987. It alleged that he falled to act with the requisite degree of skill in that he failed, once he knew about the receivership, to register the agreement for a ase as a land charge.

The reasonable solicitor would have been alarmed by the news on February 11 that a receiver had been appointed. He would know that one of the functions of a receiver was to sell property and account for proceeds of sale, that agreements for a lease were registra-ble, and that if the property were sold before the agreement for lease had been registered. Stratton would be in deep trou-ble. He would also know that the cost of protecting Stratton was minimal — only £11.

A reasonably competent solicitor would have registered the agreement at once. He February 17. By failing to reg

observe the standards of the reasonably competent solicitor and was in breach of duty.

It was argued, however, that registration would have given no protection to Stratton. It was said that the bank as mortgagee had power under section 104 of the Law of Prop-erty Act 1925 to sell free from the agreement for lease subsequent in priority to the mort-gage, and would have sold the premises to Fords free of it. Registration would have served no purpose.

The court reluctantly concluded that the argument was well-founded and was a com-

plete answer to the claim. Stratton must prove that its losses were caused by Mr Weston's breach of duty, and that it would not have suffered loss if the agreement had been reg-

Once the 1958 mortgage had been proved, and it had been proved that it created an equitable mortgage of the premises and that the bank had power to sell free of the agreement for lease even if registered, the court could infer from the facts that the bank would have sold free from the mortgage and that the loss would have been suffered even if the agreement had been registered.

It was not necessary for evidence to be called as to how the bank would probably have reacted. A judge was entitled when considering causation to take into account how the parties would probably have reacted in given circumstances without hearing evidence directly on the point.

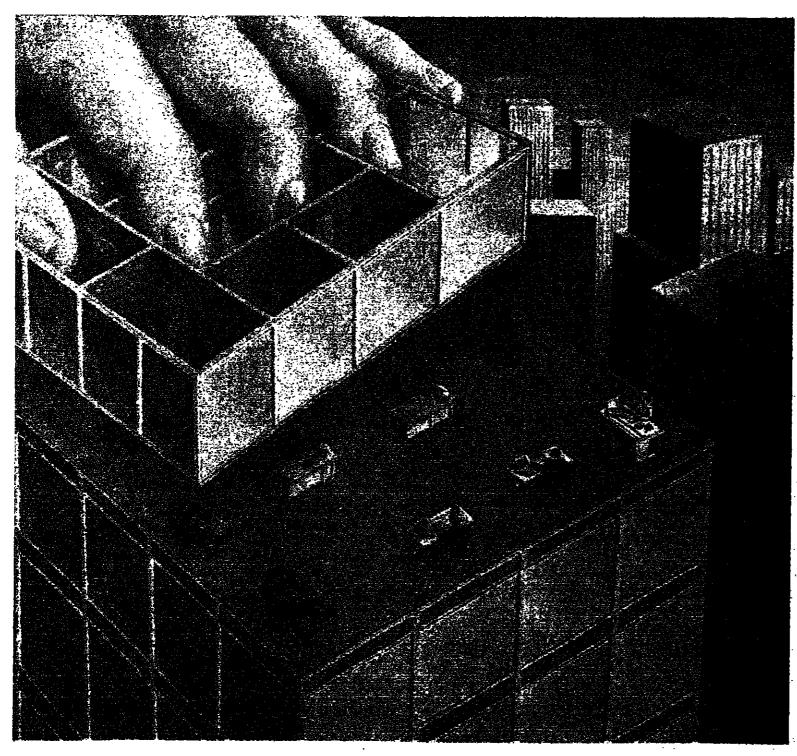
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The bank would probably have agreed to sell as mortgagee and would have sold free of the agreement for lease under section 104. The loss would have occurred even if Mr Weston had not been in breach of his duty of care. Stration had not proved that the loss would not have occurred but for the breach of duty. Though Mr Weston was in breach of his duty of care, his breach of duty had not caused Stratton's loss. For Mr Weston: Thomas Put-

man (Wansbroughs, Bristol). For Stratton: Alison Powell (Porter Bartlett & Mayo, Yeo-

> Rachel Davies Barrister

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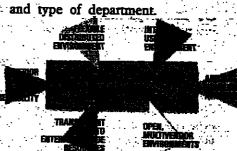


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By Michael Dixon

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# How competitiveness affects people's work

ages can learn about science by hands-on experimenting with devices that illustrate important principles. One consists of two beach

balls hanging a few inches apart on rods which let them swing sideways but not back and forth. The task is to blow the balls farther apart with a variable-speed hair-dryer.

When you try, the result runs counter to common-sense expectations. Instead of moving apart, the balls come together. The harder you blow, the more forcefully

they collide.

The principle that they illustrate is Bernoulli's law.
As it is spelt out in any good encyclopaedia, all I will say about it is that if the balls did move apart rather than together, much in life would be different: aeroplanes wouldn't fly, for instance. My concern in raising the matter is not what happens in the experiment, but the m the experiment, but the reaction of the people who try and are plainly surprised by it. The bulk just move on, evidently finding nothing remarkable in experiencing the opposite of what they remarkable in the property of expected. Only a very few seem to have the cast of mind that sees significance,

YOU CAN try it yourself if you go to the Exploratory in Bristol. The Exploratory is a place where youngsters of all it is nevertheless a cast of

mind which, under the name "vision", is reputedly more and more required in top executive positions. So I naturally assume that Jobs-column readers, who are clearly ambitious, possess it in unusually large measure.

Either way, though, a good test of whether I am right will be your reactions to what comes next. For it concerns something that intuition and commonsense take as self-evident: that one of the main spurs to performance is competition. Accordingly there is a wide belief that the best way to get good results is to employ workers with competitive attitudes and tell them they will be measured against the deeds of their counterparts in rival operations. rival operations.

Certainly I thought as much until soon after midday last Friday while Janet Spence, one of America's most eminent psychologists was addressing the British Psychological Society's conference in Swansea. Her subject was workaholism, which she said fitted Mark Twain's comment on the weather - although it's talked about a lot, nobody seems to do much about it.

In her role as Professor of shrug of the shoulders and in Psychology in the University a voice reminiscent of Texas at Austin, she is one Katharine Hepburn, called of the rare exceptions. For example, her research has shown that workaholic is not a fitting term for everybody to whom work is by far the most important thing in life.

Professor Spence has found that, while all people of that sort have high output, they fall into at least two categories. What marks the difference is whether they work because they feel compelled to by something beyond their control, or because they thoroughly like doing what they do.

#### **Enthusiasts**

Compulsive types, who can sensibly be termed work-aholics, typically obtain little enjoyment from their job. The other kind of high producers, work-enthusiasts, get a lot. They are also less liable to job-stress and illnes

Even the enthusiests, however, are more stressprone and certainly no healthier than both of the two types of people who feel neither involved in their work nor driven to do it. One set are high in enjoyment, perhaps because they are always counting the hours to what Janet Spence, with a "Miller time". The nearest English equivalent seems to be the "happy hour", the evening period when some bars cut their prices.

The second set of modest roducers are markedly low in enjoyment in addition to everything else besides. The professor's name for them is What brings competition

onto the stage is her studies of the factors linked with quality as well as quantity of output. With colleagues at Austin, she has developed a three-scale measure of people's attitudes to work. The first scale assesses their involvement in terms of

conscientiousness and the like. Scale two measures their feeling of mastery over their feeling of mastery over their job. A noteworthy point about mastery is that people high in it, while liking tasks needing skill and persistence, don't like them to be taxingly difficult. They pefer to feel relaxed and confident in what they do.

Competitiveness is gauged by the third scale. Those scoring high on it typically feel annoyed by being out-performed by someone else, try harder when rivals are breathing down their neck, and generally set great value on beating people at things. Over the couple of years since proving the measure is sound, the Texas researchers have applied it to three different groups. As is usual with academic psychologists, they began with their own kind: university students and

teachers of psychology.
The students' quantity of effort was gauged by the hours of study they put in, and its quality by their grades at the end of their course. Teachers' quantity was gauged by the number of articles they published, and quality by how many times their work was cited in other

academics' publications. Judged by quality and quantity combined, the results for both groups were essentially the same. The better the performance, the higher the involvement and mastery - but the lower the competitiveness. By contrast, poorer performers were higher on the competitive scale than on the other two.

"That maybe suggests where the value of being competitive lies," Janet Spence cawed. "When you're no great shakes at something, it at least gets you out of bed and functioning. She went on to explain that, knowing the outside world's reluctance to accept

do any real work, she had repeated the exercise on salespeople with a big United States pharmaceutical group. In their case, quality was gauged by bonus earnings reflecting, among other things, success in getting repeat business. The pattern

was the same yet again. So what is to be made of the results?

Well, if any readers choose to disregard them in favour of what they see as commonsense, that is their look out. But it would be a waste of time for them to visit the Bristol Exploratory. Even for the less purblind the findings beg numerous questions the professor's research so far leaves unanswered. For instance, the competitiveness linked with poorer performance seems to be solely the person-to-person kind. The same may not apply to competitive attitudes directed, not at other individuals, but at rival organisations as a whole. Nevertheless, to the Jobs column's mind, there is one

thing that can safely be said about the belief that people inevitably work better under competition than they would do otherwise. The best word for it is the name of the two principal elements in the Exploratory's illustration of

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# CREDIT RISK EVALUATION

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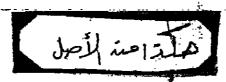
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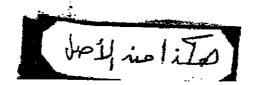
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**FINANCIAL TIMES** 

# **FLEMINGS**

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# <u>APPOINTMENTS</u> <u>ADVERTISEMENTS</u>

Due to the non-publication of the Financial Times on Good Friday 13th April, Bank Holiday, the appointments pages will be appearing on Wednesday 11th April 1990, and Thursday 12th April 1990, in all editions.

FINANCIALTIMES

UK retailing

# Slaughtering sacred cows beefs up BhS

Maggie Urry explains how 'tweaking' has helped improve sales

will turn out to be.

already been spent.

spending on new fixtures in

the stores, but nothing more serious since much had

The shops have been tidied up and some of the clutter

e reversed. Dworkin insists on "harmony" which includes "continuity under one roof."

The concessions, he says, "do

not have a place in the stores."

amount of merchandise that

was sitting in stock rooms and

warehouses instead of being put in front of customers. This

bas two elements – merchan-

dise that did not sell and was

shoved into stock rooms: and

new merchandise that had

arrived at the back door but

had not yet been put out on the shelves and racks.

Storehouse had already recognised the problem of old

stock - which in the past had

been trotted out again in sub-sequent seasons - with a sav-

age new policy on writing down stock that was not sell-

ing. But, says Dworkin, though Storehouse "intellectually

understood that something was

wrong," it did not have what

Dworkin calls a "factory floor obsessiveness" - a determina-

tion to push goods through the

Before Christmas the group cut prices of stock which had

not been selling well to a level

where customers did buy it and Dworkin decided, against the advice of his staff, to put spring ranges - which had

arrived and were waiting in

the stockrooms for spring - out on the floor. The first

The move worked; already

the shops are demanding more

stock. That poses a problem in that usually British shops

order most of a season's mer-

chandise in advance. BhS has

quickly had to find some new

sacred cow had gone.

His first concern was the

avid Dworkin has instant recall of the date he joined BhS, the UK chain store group -November 13 last year. Only a few months after his arrival, BhS's total sales are running at 20 per cent above those of a year ago, and this at a time when retailers generally are moaning about the poor state of trade. Within wear are running at 35 per cent or more ahead. mation system is used by some US retailers and is considered by Dworkin to be one of the

It sounds too much like a miracle. But Dworkin, an American, says that "we are not talking about brain sur-gery." So far he has been makgery. So iai he has been maxing simple changes which provide "quick wins". He describes the first phase of action at BhS as "tweaking" and reckons this can boost the chain's turnover significantly.

Already, he claims, this has had an enormous effect on the morale in the company. "Many of the store managers have never seen a lift in sales. It is a new feeling for them. The pendulum has swung,"

Staff at BhS now wonder about the calm and softly spoken Dworkin: "We don't understand how a man who speaks so quietly makes us run so

BhS - once British Home Stores – was merged with Habitat Mothercare in early 1986 to form Storehouse. The plan at the time was to jazz up the dowdy but still significantly profitable chain with a touch of the Sir Terence Con-

ran design flair.

Something went wrong in the process, and when Michael Julien was brought in as Storehouse chief executive in June 1988, BhS's problems had to be

Its profits have fallen from a peak of over £70m at the operating level to £40m in its last financial year to March 1989, with analysts forecasting at least a halving of that for the

Thus Dworkin came to a business which was already in the throes of reorganisation. He admits that he was taking a risk in giving up his career in

America, which includes experience with US retailers such as Nieman Marcus and Bonwit Teller, to come to BhS, but says that he was not "totally crazy"; it still had a legacy of strengths — its well-known name, the good locations of most of the 134 stores, annual turnover at around £600m which is large enough to build on, and which demonstrates "there must be some appeal" in BhS. And its electronic infor-

Further, on taking his first look at retailing in the UK and comparing it with his US experience, Dworkin was amazed at how many customers there were in the shops. In the US, he says, the first struggle is getting people into shops. In the UK, with fewer shops and greater population density, there is a higher level of cus-

tomer traffic already. Dworkin had done his homework before coming to BhS; "it was no surprise to me that it was run in a very antiquated way for a retailer," he says. Some things he found astound-but readily reversible.

ing – but readily reversine.

He initiated the setting up of a workshop which came up with a mission statement. This starts: "The BhS mission is to be the first choice store for dressing the modern woman and family."

That has been followed up with an activity value analysis project (AVA) which will look at every aspect of the business to see what it contributes. Already Dworkin has plans to get rid of the 16 warehouses which are currently holding merchandise, so speeding up the supply chain, and saving

At the start of the AVA exercise two slides were presented. The first said "there are no sacred cows." The second, "there is no bullshit." The project will be complete

in mid-May and is expected to bring cost savings rapidly.

The first phase is to get the business up to an acceptable profit level - though Dworkin admits he has no idea what the



David Dworkin: "The pendulum has swung"

sources of stock. Here Dworkin's American experience

came in handy.

A trip to New York found a range of merchandise that could be delivered within four weeks, and would fit into the BhS price ranges and its margin structure.

This presented a cultural challenge for old hands at BbS. The merchandise could only be received in so short a time if the existing labels, with someone else's brand name, were kept in - changing to BhS labels would add another three weeks. Dworkin decided that that would be too long to wait, so another sacred cow has been slaughtered.

Dworkin is bemused by the British system of classifying people into social classes – A, B, C1, C2 and so on - prefer ring to think in terms of attitudes and lifestyles. These days, he reckons, shoppers are more ageless and classless, and too tight a targeting of a certain age group or class is merely "painting yourself into a corner."

He plans to rework the mer-chandles strategy to aim at "end user groups". This will involve looking at sub-sections of ranges — leisurewear, for

instance, includes four or five lifestyles, Dworkin says. In the past BhS has worked on what he calls "dumb broad categories" - a dress buyer might have been told to go out and buy dresses, without a thought as to what kind of dresses or how they would fit into the store. By looking at what is selling, the chain can understand its customers bet-

ter. Dworkin believes. So far Dworkin has not closed any stores, preferring to see whether the worst stores will respond to the tweaking treatment. He is pleased with the "tweaking" at the Putney store — which would have been a candidate for closure if he had simply closed the 10 worst shops. It is a small store which was trying to offer both clothing and homewares. By taking out the homewares, he says, the clothing ranges could be expanded, with, he says,

There is a lot of "fallow footage" - space wasted in stock-rooms, for instance - which will be set to work. And while the goods on offer already look more attractive, picking the right merchandise, he says, is the easy part and only the

Acres 14 Acres

# The importance of the company/customer contact

Simon Holberton on the implications for training

"We always travel with our teddy bears. When we got back to our room at the hotel we saw that the maid had arranged our bears very comfortably in a chair. The bears were holding

decide on dinner. The waitress said: If you would read the menu and not the road map, you would know what you want

o prizes for guessing which company is likely to get repeat business. These two stories, from 700 collected and analysed by three American academics, highlight what marketers in service industries the world over should already know: that the way service is delivered is fundamental to

As the stories they collected in the US demonstrate. Mary Jo Binter, Bernard Booms and Mary Stanfield Tetreault focus on what they call the "service encounter", or the moment of interaction between the customer and the company. To them this is the most important element in the delivery of a service, be it in a restaurant hotel, airline, a bank, or when ever the service provided involves human contact.
Often "that interaction is the

service from the customer's point of view," they observe.

Binter, Booms and
Tetreault's researchers collected 699 relevant stories from 375 people who used restaurants, hotels and airlines over a three-week period. The sam-ple produced 347 satisfactory and 352 unsatisfactory encoun-

The authors subjected thes incidents to a form of content analysis known as "criticalincident technique" (CIT). They classified the incidents into 12 categories, including the way employees respond vhen services are unavaliable. when they have to deal with customers who have made a mistake, and when they delivered out-of-the-ordinary ser-

So what do the results tell us about the sources of customer satisfaction or dissatisfaction. and what are the relevance and implications for managers? Some of the findings are stri-

king.

Of satisfactory encounters,
23.3 per cent related to the way
employees responded to a failure of their company's service. When an employee compen-sated a customer, by giving him or her a foce drink or a better hotel room, the cus-tomer frequently remembered the incident as very satisfying. "It suggests that even service delivery failures can be rem bered as highly satisfactory if they are handled properly. The highest proportion of

satisfactory encounters (43.8 per cent) were the result of customer delight with Managing the service encounter involves much more than just training

employees to say... "have a nice day" or answer a telephone on or before the third ring

unprompted and/or unsolicited employee actions. "Customers remember those occasions when they receive special treatment by the employee." The highest proportion of unsatisfactory encounters (41.5 per cent) was also attributable to unprompted or unsolicited employee action. This leads the

authors to assert: The impor-tance of spontaneous interactive quality in service delivery cannot be over-emphasised." More than 40 per cent of all incidents reported were the direct result of unexpected treatment by an employee; the importance of how the service is delivered is underlined.

The implications of this for managers are manifold and require changes not only in employee relations but a greater awareness of customer opinion. The academics note that managing the service encounter involves much more than just training employees to say "have a nice day" or

answer a telephone on or before the third ring.
They argue that front-line employees are not trained to understand customers and do not have the freedom and dis-cretion needed to relate to customers in ways that ensure

effective service.
"The data from our study suggest that the ability of an employee to make a proper response is largely a function of the employee's knowledge and control. The CIT enables managers to identify what knowledge is needed and what control is required as well as providing a basis for determin-ing which is more important for a given type of encounter,

Binter, Booms and Tetreault stress that employees at the sharp end of service delivery need to be given more power to take decisions. Giving employees more control empowers them to act and enables them to solve problems.

Ringing invocations along the lines of "the customer is always right" (he isn't) and "we put service first" are seen as insufficient. Also, such open-ended criteria leave employees in an ambiguous position

The authors note that in the US, service industries are growing in importance. But employees who have customer contact are often underpaid and under-trained and this results in low levels of motiva-tion, job dissatisfaction, high staff turnover, and ultimately, dissatisfied customers. The same could be said for the UK. The implications for management are clear, greater care in recruitment is needed to find those individuals who possess a service orientation. Then comes training, motivating and

rewarding those who exhibit the appropriate behaviour. Although they do not men-tion it, the CIT analysis they discuss could also prove a powerful tool in training.

The Service Encounter. nosing Favourable and Unfa

vourable Incidents. Mary Jo

Binter, Bernard Booms and

Mary Stanfield Tetreault. Jour-

nal of Marketing, Vol 54, Janu

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# Con Civilisation? It's all Greek to me

Christopher Dunkley looks at a series tracing the legacy of Grecian values in the modern world

omorrow night Chan-nel 4 screens the fourth programme in its 10-part series

Greek Fire. The episode is

called "Sex" and it begins with
pictures of a ruined Greek temple and a reference in the commentary to Plato's re-telling of the Greek myth about human beings hunting endlessly for the other half to which each

From that it moves on to a modern gymnasium ("naked exercising place" in the original Greek) and makes the link between today's cult of the body beautiful and that of the ancient Greeks. Then there is a comment from a woman described in a caption as "Feminist Critic," and another from Dr Oliver Taplin, consultant

The picture cuts to a gay rights march which is followed by the suggestion from George Steiner that those who oppose Clause 28 should mount public readings of Plato's Symposium and challenge the authorities to prosecute: Because these are among the wellsprings of all imagining and understand-ing in the west, and if this makes us far more alert to the richness and cultural complexity of a homoerotic order of feeling, then surely its impor-tance" (the Symposium's pre-sumably) "is still very great." The programme moves on to a clip from the film *Maurice*, a a contribution from Sir Ken-neth Dover on precisely how the ancient Greeks regarded homosexuality. Explanation in voice-over of Greek hostility

gay rights march footage, this time in slow-motion. We return to Steiner who says that "Aristotle's opinion that women have no souls seems to me on mature reflec-tion probably extreme..." and then cut to David's painting of The Death Of Socrates. Rather less than 10 minutes has passed since the end of the

towards sodomy and lesbian-

opening credits.

The idea of the series, encapsulated in the title, is a fascinating one: Greek fire was a



Sex with a Grecian heat: Rubens' depiction of The Judgement of Paris picks up the cult of the body beautiful

and naphtha used by the ancient Greeks to attack enemy shipping. Its peculiar quality was that it would con-tinue to burn in water; flourishing, in other words, even in the most hostile environment, just like so much of the culture of ancient Greece which con-tinues to influence so many societies so profoundly to this

Although half an hour is a pretty short time to deal with topics as complicated as the Greek bequest in architecture, science, or politics, there are many points that stay with you after a viewing of the entire series. The very opening of Programme 1, with the Apollo missile taking off on its space odyssey carrying its crew of astronauts, establishes the central theme very neatly. You may have known in a theoretical fashion that Greek statues were painted in realistic col-ours, but it is astonishing to see how garish and vulgar one of those glorious marble nudes looks to today's viewer once you add a Mediterranean tan and hlue eyes. No doubt we should be glad

and grateful that we still have, in British television, people such as Revel Guest, the independent producer who found co-producers in the US, Greece, Holland and Sweden, to make this series possible, and who has the aim - almost vocation - to make such subjects accessible not to hundreds of people but to hundreds of thousands, even millions in the long run perhaps. We should also acknowledge our good fortune in having networks in this country which will still transmit such material at peak viewing time in mid evening.

Yet that is not reason enough in my view to justify the manner in which these programmes have been made. Nothing is allowed to last more than about 45 seconds, whether talking head, film clip, or assertion in voice-over. Moreover there is an infuriating insistence upon the use of as many forms of communication as possible simultaneously: music is piled on commentary which is dubbed over film clip inserted into interview. Obviously much thought has gone into the assembly of these

dense packages, and the producers may argue that if you watch and listen very carefully (and particularly if you watch more than once) you will derive more than you ever could from a conventional series. Once in a while the multi-layering works. There is a moment in Programme 1 when Steiner quotes Aristotle to the effect that if your town is so large that a cry for help at the centre cannot be heard at the city gate, then you are in trouble. As we hear this we are, thanks to the pictures, hurtling along the express track of the New York subway and thoughts about the growth of cities, cries for help, mug-ging, and *Hodes* crowd on top

of one another, But for every rare moment of that sort there are a dozen where tricksiness intrudes for its own sake - or in the misplaced hope, presumably, of averting boredom. In Programme 6, on architecture, a comment about Polyclitus and poisoned milk is accompanied by a picture of a milkman taking one bottle of milk into a

out why, you lose track of the

In the final programme, on war, the soundtrack expresses thoughts about the advantages accruing to men who co-oper ate in fighting while we watch pictures of a rugby match, Sandiers. Sir John Hackett and an Oxford don offer their ideas, then we have a quick glimps of the Eton wall game, a word from Steiner, another from Sam Fuller, and finally a second Oxford don who speaks to us while flickering archive film of World War I fills the screen

behind him. Beyond all this frenetic activity, one feels, is a desperate producer who has seen the Network 7 "your" programmes with their all-singing, all-dancing approach to programme making, and their preoccupa-tion with "multimedia" communication (you know: lemon yellow captions on a lime green background, shown side-ways against a strobe-lit rock group), and has swallowed hook, line and sinker all that panic-stricken guff about the "three minute culture" which

entire stance - even in the

line of their spines and the

gauche way they use their arms when running. The sec-ond wonder is that a work played by artists so persua-

sively childlike proceeds to

maintains that nobody is capable of concentrating on any-

thing any longer.

The fear seems to be that if
the producers do not keep us perpetually agog, like habies mesmerised in their cots by multi-coloured mobiles, we will all slope off and play bingo. Much the same attitude has spoiled BBC2's series about television commercials, Washes Whiter (though admittedly Episode 1 was even more ruinously affected by a script which was intent upon using hindsight to score points for feminism against the normal attitudes of the '50s and '60s).

Washes Whiter habitually squeezes its interviewees down into a "letterbox" slot and then runs its own name above and below the face with the name of the interviewee superimposed, so that the screen is crammed with two lots of printing at the top and two lots at the bottom. Clearly this has much to do

with producers trying to impress one another and little, impress one another and little, if anything, to do with pleasing the viewer. The producers can hardly imagine that the viewing figures for Washes Whiterwill be improved by such trendy rubbish. The producers of Greek Fire, on the other hand may warn well believe hand, may very well believe that their busy-busy technique will improve their ratings. I

Programme makers are terrible creatures of fashion, and would moan and raise their eyes to heaven at the sugges-tion that *Greek Fire* would be more effective if made in the style of Kenneth Clark's 1969 series Civilisation, with one knowledgeable presenter deliv-ering a well-written script from a few carefully chosen locations. Yet that style would probably win an audience just as hig as the present one, if not

The modern belief that viewers of You Bet' and Emmerdale can only be lured into watching a series about the culture of ancient Greece by using lots of music, zappy cutting, and 45-second sound-bites is, I believe, wholly misplaced.

Christopher Dunkley

# I Have Been Here Before

Have Been Here Before con-cerns a dour successful middle-aged Yorkshire businessman whose marriage has gone wrong In 1937 the part was created by Wilfrid Lawson Priestley claimed he put more of himself into Walter Ormond than any other character. He is played here by Brian Protheroe with all the requisite Priestleyesque dourness, a sombre brooding individual who sits checking through balance sheets and simultaneously knocking back malt whisky by the tumbler, while his wife (Melanie Jessop) cannot take her eyes off a young headmas-ter (Philip Franks) who is staying at the same inn, miles from nowhere on the moors.

What a way to spend a fine

Whitsun weekend! Ormond is on the phone half the time (an old tulip model, the pub still has a single digit number) to his wretched subordinate. The wild Yorkshire landscape which in the old days would have been half-glimpsed through the window of the residents' parlour where all the action, such as it is, occurs has here – in the setting designed by Norman Coates – a striking presence of its own. Its vastness tends completely to overwhelm Matthew Francis's production. A blue mist rises over a perspective of grassy hillocks (pity the budget did not run to the odd sheep) which surround a domestic interior open to earth and sky.

Such realism of environment is of course fully justified by the sense of human beings iso-

J.B. Priestley's time play I lated in a mysterious cosmos (Priestley had been reading Ouspensky, alas) which the play tries to generate; but it does present pragmatic difficulties for the cast when they have to move to the bar or the upstairs bedrooms, presenting them with a little assault course to cross first.

It comes into its own only briefly in act two when teacher and wife go off on a hike. The tranquillity of the interior is broken by the presence of the highly-strung landlady, well conveyed by Elizabeth Rider, hossing her old Dad (Geoff Oldham) around and even occa-sionally giving the customers the sharp edge of her tongue. But more disruptive is the presence of the mysterious Dr Görtler who arrives like the catastrophe of the the old comedy to play havoc with them. Far from being permitted to get on with their adultery and their accounts in peace, they have to listen, until the landlady finally boots him out, to his philosophy of dejà vu and its implications for their own

John Woodvine thumps home the Herr Doktor's points in a strong Austrian accent backed up by a private system of semaphore. If the idea was that he should appear incon-gruous it certainly succeeds. However, his big act three scenes of confrontation with Ormond come off well and reveal the hidden agenda of this rather pretentious but nonetheless moving play.

**Anthony Curtis** 

## Die Meistersinger **COVENT GARDEN**

On Monday, in the current revival of Wagner's *Die Mei-*stersinger at the Royal Opera, the Canadian tenor Ben Heppner took over the role of Waither from the ailing Reiner Goldberg. As Max Loppert reported from La Scala not long ago, Heppner is a much-needed boon to the Wagner-Strauss repertoire. In fact, since he won the 1988 Metropolitan Opera Auditions, his trumps have been the key Jess Thomas roles of twenty-odd years ago: Walther, Lohengrin, Strauss's Bacchus. Barring accidents, he is set fair to become indispensable: opera Intendants everywhere must take care not to stretch him to

the Thomas burn-out point. The voice is generous, warm and dignified, with confidenceally flexible, too - employed to intelligent theatrical purpose, not just to polishing the showpieces. What Heppner does with his music is seamlessly united to what he makes of his words: either he's bilingual, or he enjoys the assistance of a superlative operatic coach. In any case his precocious operatic maturity is a great musical pleasure. For his age Heppner is excessively stout, a pity these days for a tenor predestined to romantic young

heroes. Serious audiences wil

readily forgive him, but unless

SALEROOM

there's unimpeachable medical evidence that the voice would suffer he ought to do some-

His judicious subtlety in "Am stillen Herd" was exemplary, and immediately affecting. He distinguished the crucial Prize-song occasions - first the spontaneous, provisional draft, and then the confidently elaborated contest-version - quite beautifully, in ways that hardened opera-goers expect only from clever pensate for indifferent voices. singer-actors who need to comwe missed the ultimate compelling ring in Walther's full-dress challenge, that was probably because the conductor Christoph von Dohnányi's views about where to press on and where to relent were maniwith H

No conducting prizes there: it's the knightly tenor who should triumph, not the orchestra, and if only Dohn-ányi had listened to Heppner's first verse he could have anticipated - but rudely didn't what the singer required for the second. Elsewhere the orchestral part was of course ultra-soigné, and it was a relief to hear in the Prelude that he had coaxed the brass, grossly dominant on the first night, into faultless balance.

David Murray

#### make such adult points about childhood. Whether the children are

trying a stamping dance or telling stories or chasing each other, they keep showing the need of children to adapt individuality to the group - now testing abilities as ringleaders, now trying copycat bonding. They can even recreate the innocence of a game where the child who has "taken poison"

and designer (with Heather Ackroyd). He, Coulter and Ackroyd are three of the performers, along with Emma Bernard, Liz Kettle and (from the group Ralf Ralf) Barnaby Stone. To all six, all praise. And never was systems mini-

Back in the dream kingdoms artlessness of childhood in their vocal production, in their as the music to all these . Which rops a wide rang of mood, volume and pace, reaches a strong climax in intricately virtuoso ensembles: polyphonies of bell-rituals and ild-chents. Dark elements are involved:

a child's fear of experiencing the world, its way of testing out aggression and bullying, its sense of exclusion. As episode replaces episode, perform-ers switch from one activity and mood to another. So, in one scene, one boy stands fixed to the spot, wailing coprolalically, while the others all busy themselves, trying not to impinge on his little crisis. Two seconds later, he is playing at teacher. Some passages drag, as when one girl talks desper and deeper into her own fears as the others sleep; but not many. With gathering power, A Girl Skip-ping suggests hauntingly, variously: the child is the adult.

Alastair Macaulay

# Finta giardiniera THE PARTY OF THE PROPERTY.

The Brooklyn Academy of buffa elements jostle, and some that was chiefly because there Music (BAM) is New York's dark modern productions have showplace for celebrated inter- concentrated too much, pernational productions: among them Peter Brook's Dream and Mahabharata the Arts Florissants Aus, Nixon in China, the Welsh National Falstaff, and most recently the Brussels Finta giardiniera, first staged in 1986, and now brought over here for three performances. It was given in the Majestic, BAM's latest acquisition: ar old 900-seat house that had fallen into dereliction and was cunningly semi-restored (peeling paint and crumbling plas-ter carefully retained) to house the Mahabharata in friendly

fashion. The Brussels Giardiniera production is famous — it has also been seen in Vienna, Salzburg, Berlin, Antwerp, and Amsterdam — but it was disappointing. The 19-year-old Mozart composed the Giardiniera for Munich, working at the top of his bent, and copiously. The plot involves two attempted plot involves two attempted murders; under emotional stress both soprano and tenor go mad. Opera seria and opera

s. on the former. The Moi nale production comes with an elaborate programme book fil-led with Marivaux, Diderot, Dali Tasso, etc. The producers, Karl Ernst and Ursel Herrinann, seem to have simed at adventures, some fierce, some furmy, in an enchanted Garden of Love. (Their set is a poplar grove, spare and quite pretty; the costumes are mainly white.) But then they seem to have lowered their sights, by plastering the show with non-stop busyness, pratfalls galore, and an incessant use of conventional prope: stuffed hirds, bottles, flowers, feathers, wash-ing on the line. A midget, part Eros and part Puck, is added to the company and brought into play when there are not already enough extraneous characters onstage to distract attention from whoever is trying to sing an aria. A merit of the show was its textual near-completeness; the only cuts were of recitative. Although it ran for well over 4% hours

were many, many long, deadly silences of up to a minute and more while mimes were enacted.

It was not a "trust the composer" evening. Three Poles led an able cast. Joanna Kozlows-ka's Sandrina had striking moments. Marek Torzewski's Belflore was fluently sung but hampered by the requirement to play the romantically confused hero as an amiable, beauty-patched booby. Elzbieta Szmytka's Serpetta was lively but sometimes shrewish. The singing that gave most plea-sure was Lani Poulson's in Ramiro's "Dolce d'amor compagna," with its long slow rou-lades and bassoon obbligato. Malvina Major (Arminda), Ugo Benelli (the Podestà), and Russell Smythe (Nardo) completed the cast. Sylvain Cambreling conducted. The playing was proficient rather than exqui-site. Perhaps the company has played this Finta glardiniera a few times too often.

Andrew Porter

# A Girl Skipping

in fealty to teachers, learning to join groups, to copy our contemporaries, to conform. This is the subject of a new 90-minute work, A Girl Skipping, by Graeme Miller, currently at The Place until May
14. A girl skipping: that's how
it begins. She does some 150odd skips, and this alone takes
us back into child-time — its dogged rituals, its way of filling time with repetitious action until the next bell. The next few minutes are quite a feat of stream-ofgroup consciousness. The girl joins the group of other chil-dren, and initiates a series of idle actions with which they entertain themselves. There are five of them, as in E. M. Neshit or C. S. Lewis or Enid

of when we were very young,

our lives at school were spent

Nesdit or C. S. Lewis or knid Blyton. After an hour, a sixth performer enters, first as a schoolmaster, then as one of the gang. The first wonder is how accurately and convinc-ingly these adult performers enact children. They have the

must orally transfer it to another child. Miller is the writer, director, composer (with David Coulter)

April 6-12

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FINANCIAL TIMES

#### **ARTS GUIDE**

THEATRE

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elzine marveilous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undermanding fare (734 8951, cc 836 2428). 8951, oc 836 2428). Jeffrey Bernard is Unwell (Apollo). Tom Conti bas tal

(Apollo). Tom Conti has taken over as the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's high-light, from Bernard's own writ-ing. Ned Sherrin directs.

(437 2663).
Assects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Gerett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense

#### ble, but unspectacular, hit (839 5972). New York

Cat on a Het Tin Roof (Eugene O'Neill), Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant Temessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production. Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Stembeck epic movel has taken a long time to reach hear Youk from Chicagor, the work New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalour as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's

adaption. The Sound of Music (New York State). The New York City Opera performs the Trapp Family saga starring Debby Boone as Maria and Laurence Guittard as Cap-tain von Trapp. Ends April 22. Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompa nied by the musical and emotional flavour of the period (239 6200). Gypsy (St James). This 30th anni-

versary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne ne the merman training, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into bur-lesque while rejecting a personal iesque winte rejecting a persona life for herself (246 0102). Grand Hotel (Martin Beck). Tommy Tune, Broadway's pres-ent musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscro ing in an elegant, but somewhat random setting (246 0102). Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical of the Someon-wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber

of Fleet Street (239 6200). Jerome Robbins' Broadway

(Imperial). Anyone attracted by

the notion of three hours of film the notion of three hours of him trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Cypsy. The lustre of the credits is dimmed by the brevity of each

sell-out, Trevor Nunn's produc-tion of T.S. Ehot's children's poetry set to music is visually startling and choreographically feline (239 6262). Les Misérables (Broadway). The magnificent spectacle of Victor Fingo's majestic sweep of history and pathos brings to Eroadway lessons in pageantry and drama

(239 6200).
Phantom of the Opera (Majestic).
Stuffed with Maria Bjornson's
gilded sets, Phantom rocks with
Andrew Lloyd Webber's haunting melodies in this mega-trans-fer from London (239 6200).

#### Washington

The Cemetary Club (Eisenhower). Elizabeth Franz, Eileen Heckart and Doris Belak star in new playwright Ivan Men-chell's comedy of three widows who meet monthly to visit their husbands' graves. Ends April 29 (467 4600).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing establishment (988 9000). nament (sas soot).
I'm Not Rappaport (Briar St).
Shelley Berman, one-time stan-dup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000). The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American child-hood with poignant zaminess (871 3000).

Tokyo Kahuki, Kabuki za (541 3131): Kabuki. Kabuki-za (511 3131):
two lavish mixed programmes
(11am, 4.30pm) to mark the 50th
anniversary of the death of the
great Kabuki actor Utaemon V.
Among those appearing is his
son, 76-year-old Living National
Treasure Utaemon VI. The highlight of the evening programme
is Keep Terrube a famous 18th is Kago Tsurube, a famous 19th century play about a country bumpkin who falls in love with a courtesan, with tragic results. Excellent earphone guide in English and English-language programme. Ends April 25. King Lear (Tokyo Globe Thea-Company, led by Kenneth Branagh, (with Richard Briers cast)

surprisingly in the title role). (360 1151). Hamlet (Ginza Hakuhinkan Theatre). Yuri Lyubimov's controversial production was origi-nally seen in Britain and has since been on a world tour. The acting tends to be upstaged by the continuously moving curtain that dominates the set (535 0555). Hanshin (Theatre Apple, Shin-juku). Revival of the 1938 play by Hideki Noda, the darling of Japan's fringe. (5478

Ain't Misbehavin'. Lively Broadway revue and 1978 Tony award winner, based on the music and times of the late great Fats Wal-ler MZA, Ariake (529 5187).

# Selling spree in US US museums are going on a selling spree. The Modern Art Museum in Fort Worth is offer are in trouble. Last week it

ing at Sotheby's in New York on May 24 one of the most on May 24 one of the most famous of all American images, "The swimming hole," painted in 1884 by Thomas Eakins, which shows a group of naked youths cooling off. It should go for up to \$15m, which would be a record for any US painting, or indeed work of American art. In 1925 Eakin's widow sold it to the Museum for \$700. The Museum is cashing in

the Eakins to raise money to buy in its newly designated collecting field - art after 1940. It tried to sell the painting to the Amon Carter Museum in Fort Worth, which in a deal between the local Fort Worth Museums (the most famous, the Kimbell, will concentrate on European art up to 1920) has assumed full responsibility for American art, but was unable to settle an affordable price.

Last month the Guggenheim in New York announced that it was disposing of works by Chagall, Modigliani and Kandinsky through Sotheby's in May, which might raise \$10m that will be invested in Minimalist sculptures. Last autumn, the world's richest museum, the Getty at Malibu, sold pictures in London for around £12m.

American museums have a long history of de-accession, occasionally disposing for derisory sums works that aresubsequently seen to have been of great importance. Museums and galleries in the UK, although they now have government approval to raise money through de-accession. are unwilling to go down this path. It is against the wishes of past benefactors, and who knows how taste will change.

was Impressionist and modern pictures that disappointed; this week it is classic cars. A tax loophole - not yet plugged -encouraged a rapid price appre-ciation in certain marques of cars. Now the bubble has burst, especially for the post-War vehicles which attracted most of the investment buying.
Brooks, the new auction house which specialises in this area, was almost two thirds unsold at its auction at Castle Donington on Monday. A classic car, a 1924 4-litre Vauxhall OD Kington Tourer, made the top price, and was on target at £46,200, but E-Type Jaguars of 1970 are typical of the marques which are suffering. One example, estimated at up to £45,000, was unsold at

£30.000: a year ago it would have been expected to sell easily at that price. Another casualty in the saleroom was the most important lot, a 1915 7.4litre Rolls Royce tourer, a Silver Ghost which once belonged to Lord Delamere, social king of Kenya. It was bought in at £260,000, but Brooks is confident that it will find a buyer privately at this reserve price. Phillips yesterday sold Old Master paintings for just over £1m but with 28 per cent unsold. The demand for Dutch still lifes seems insatiable: they are decorators' art supreme and appeal to the newly rich. A bowl of fruit in a Delft bowl by Cornelis de Heem sold for £187,000, near the top of the forecast, while another still life, of flowers, by Abraham Mignon made £110,000, on tar-

iers the Younger of a peasant filling his pipe realised £50,000. **Antony Thorneroft** 

get. A tiny work by David Ten-

# FINANCIAL TIMES

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Wednesday April 11 1990

# A new bank for Europe

THE PROMOTION by President François Mitterrand of the European Bank for Reconstruction and Develop-ment, the new regional bank for eastern Europe, is a shining symbol of what has happened in Europe over the last decade. Upon assuming office, Mr Mit-terrand was dedicated to turning his country in a socialist and economically inwardlooking direction; now he is the parent of an institution dedicated to turning the social-ist economies of eastern Europe in a market-economy and outward-looking direction.
Unfortunately, there are few other reasons for giving the new creation an enthusiastic welcome. It is unlikely to make Dutch liberal, or even - on a more serious plane - whether the Soviet Union, too, may dip more than a minor contribu-tion to solving the problems of eastern Europe. Worse, it may prove a damaging diversion. A number of details are still its ladle in the pot.

to be sorted out, but the outlines have been agreed. The new bank is to lend for projects. With a total capital of around Ecu 10hn (£7.4hn), just 30 per cent of which is to be paid in, it will be small. The Inter-American Development Bank, for example, has a capital of \$60bn. Among the 40 or so share-holders of the new bank are to be the US, Japan, the Soviet Union and the countries of eastern Europe, but the EC is, quite naturally, to be the

st single bloc. Where the proposed bank differs from other regional development banks is in the intention of lending at least 60 per cent of its money to the fledgling private sectors of the countries of eastern Europe. The intention is praiseworthy; it is also where the difficulties

No guarantees

The new bank will be lending foreign exchange, without government guarantees, to private borrowers located in countries with inconvertible currencies and severe shortages of hard currency. Many of its loans are bound to go to joint ventures. Such ventures would, however, be in a good position to borrow money directly in western financial

That the Bank may not, in the event, add much to the resources available to the countries of eastern Europe

may be no great drawback. Given the huge debt problems of several, notably Poland and Hungary, a substantial further increase in hard currency borrowing is not a high priority.

More worrying is the diversion of high level western attention. Helping the countries of eastern Europe is going to be hard enough. It will not be made easier by a concentra-tion of limited ministerial attention on such Lilliputian issues as whether the bank should be located in London, Vienna. Prague or some other point north, west, south or east, whether its capital should be denominated in Ecu or dollars, whether its first president is to be a French socialist or a

#### Diverted attention

Is the diversion of attention

perhaps deliberate? There are, after all, more significant, if more difficult, issues. Debt relief is one; the strong case for grant assistance, particularly in support of economic adjustment and the alleviation of environmental degradation, is another. Trickier still is trade policy. Countries of eastern Europe desperately need free access to the markets of the west, notably in sensitive areas like farm produce and textiles and clothing. Brussels has been arguing, somewhat com-placently, that the further integration of western Europe is no obstacle to the drawing in of the east. Will it dare to prove its point by liberalising the common agricultural pol-icy, that prime symbol of the excesses of past EC integration, for the sake of eastern European countries?

The debate about the proposed European Bank for Reconstruction and Development is not merely full of sound and fury, signifying little; it is a diversion of attention from far more important matters. In itself, however, the bank should do little harm to the fragile private sectors of eastern Europe. Perhaps it will do some good. Selection of a President who shares the free market faith of his eastern European counterparts will somewhat strengthen confidence in that happy outcome.

# UK's push, Europe's pull

FORD'S DECISION to transfer the second stage of its planned European engine manufacturing capacity from Bridgend to Cologne is a sign that the terms of competition for inward investment into Europe are changing. Labour relations in Ford's UK plants have become more tense in the last three years and were a factor in the decision to move the £225m investment. But they were not the only one. The bulk of the UK programme will

In the past decade, Ford has integrated its European manufacturing operations more closely than before. Just-in-time production techniques and single sourcing to cut costs make it much more vulnerable to industrial disruption. The unions, however, should not bear all the blame. Ford announced its Bridgend investment after the 1988 strike, which was much more costly than the recent dispute. In the mid-1980s Ford's senior executives probably over-estimated the extent to which industrial relations had changed in the UK. As a result, they planned to concentrate engine production in the UK. They are now backtracking

from that misjudgment. If not as good as one would like, labour relations are better than they used to be. Only yesterday the Bridgend workforce accepted wide-ranging reforms in working practices to allow greater flexibility. Although the performance of the Dagenham plant is still a thorn in Ford's side, executives praise the productivity improvements which have been delivered at Halewood, once the bane of the UK operations. Productivity in the British plants still lags behind those on the continent, but in engines the gap is only 10 per cent. Once the UK's lower labour costs are taken into account, the difference in unit costs is negligible.

#### GM investment

As Ford is shifting investment out of the UK, General Motors is investing £160m in an engine plant at Ellesmere, attracted by one of the most radical labour agreements yet signed in the industry. Ford itself has recently spent \$1.6bn to acquire control of Jaguar.

thinking was environmental concerns. As regulations start to tighten their grip on the industry, they will increasingly be reflected in investment plans. Ford has calculated that environmental controls mean the existing engine produced at Bridgend needs to have its life extended, while the single overhead camshaft engine produced at Cologne may now have a shorter life than expected a few years ago. Jobs and production should be maintained in Cologne by giving it some of the investment in the new range of lean-burn

#### Industrial politics

Yet the third, and perhaps overwhelming, factor was the new industrial politics of Europe. When the investment plans for Bridgend were announced, IG Metall, the West German engineering union, joined forces with unions in Spain to complain of Ford's British bias. The prospect of German unification has created an even more powerful magnet for European industry. This is not the time to be seen retreating from the West Ger-man market and, unlike other car makers, Ford does not have joint-ventures in the east. In the mid-1980s Bridgend may have looked like an attractive gateway to the post-1992 market. Now it looks a long way from Berlin.

Ford's runs a large trade deficit on its UK operations. Only 61 per cent of its UK car sales last year were made up by products manufactured in Britain. The unions argue that UK, its largest European mar-ket, with a commitment to local manufacture. But as trade barriers crumble, the dis-tinction between UK and European markets is going to

become less relevant. The rise in inward investment in the last few years still has considerable momentum. Japanese companies will continue to be attracted to the UK, and not only because of the Government's willingness to champion their cause as Euro-pean companies. But that com-bative approach will have to take into account the fact that Bridgend is not the most accessible end of Europe.

FT writers on efforts to defuse continuing Japanese-American trade tensions

# Managed trade by another name

60-store import emporium cum monument to trade friction has been built by the Matsushita electrics group, which, like other large exporters in Japan, is under ever more urgent pressure from Washington and its own government

to be seen to be importing.
When the complex, the international Marketplace, opened a couple of weeks ago, there was a queue out-side the Naturally British store and a rush on its hand-made beechwood golf tees, a shoulder-to-shoulder scrum in the Italian leather goods shop, and even a bit of bustling around the Aus-tralian leisure wear. But for Japanese shoppers, the only US product to gen-erate excitement was the high-calorie, low value-added popcorn at the Pop-

corn Palace. That is a small illustration of the trade problems that are likely to continue to dog Japanese-American relations, despite last week's agreement by US and Japanese negotiators on a series of moves designed to increase

Japan's propensity to import.

Month after month, Japan's awesome trade surplus has fallen in the
past year - by \$13.12bn to \$64.44bn in 1989. Its current account surplus has fallen from 4.5 per cent of GNP in 1986 to 2.2 per cent in 1989, and was in deficit in January for the first time in six years. But the trade surplus with the US has dropped only marginally
- from \$51bn (£31.1bn) to \$49bn. And
with each passing month, Washington has grown more irritable.

Last week's agreement, in talks under Washington's so-called Strategic Impediments Initiative (SII), may serve to defuse the immediate crisis, and buy time for the US administration in the face of an increasingly restive Congress. But it is by no means clear that American companies will be the ones to benefit from the planned liberalisation measures. A year of decline is more than a wobble on a graph, as is a 37.9 per cent increase in imports from Italy in

1989, a 41.2 per cent increase from France and a 40.1 per cent increase

"KEEPING the animals at bay" is

from Thailand. But the fall is not a simple matter of surging imports. The increases, like Japanese consumers, are selective, and there are other fac-tors in it besides consumer demand, such as higher oil prices and price

cuts by Japanese exporters. However, US annoyance at the still formidable Japanese surplus is unlikely to go away. Indeed, if economics alone were at work, the sur-plus might be even higher this year. The weak yen means ever more enticing prices for Japanese products, while a slowing of domestic demand is a good reason for Japanese compa-

nies to export.

A yen at more than 155 to the dollar has left Japanese companies, most of which measure success by market share and estimate Y120 as the break share ann estimate 1120 as the break even point on exports, with a unique dilemma. They are now in a better position than at any time in the past few years to cut prices and increase foreign market share.

Yet the politics of trade could prompt them to make a fundamental

policy change and take extra profits in the US market. The Ministry of International Trade and Industry (Miti) is urging restraint, for instance, telling car makers to reconsider already well-advanced plans to expand domestic production capacity.

The irony of US criticism is that most Japanese agree that their markets are in need of opening up, and that policy has for too long been guided by the interests of producers at the expense of congress.

at the expense of consumers. There is a widespread sense that outside pressure is useful in forcing slow-moving institutions to respond stow-moving institutions to respond to changes within Japanese society. But there is also a sense among Japa-nese that Washington, in its social reforming zeal, has overlooked a more basic trade problem: the fact that US products are not competitive in the Japanese market and, apart from mat-ters of price and quality have serious ters of price and quality, have serious image problems among consumers.

Take the recent complaints of Mr Robert Mosbacher, the US Commerce Secretary, about Japan's allegedly

closed car market. Foreign car sales are rising at an annual rate of around 60 per cent this year and have risen for 74 months in succession, although the combined imports of the big three US makers, Ford, GM, and Chrysler, have been overtaken by those of the

Rover group alone.

Admittedly, foreign makers had a market share of only 4.5 per cent last year. Yet the tone of US criticism suggests a belief that Japan's narrow streets are a structural impediment and should be customised to fit US cars. In the meantime, US officials are demanding that auto parts imports be increased, or else they, too, may be listed under Super 301 – the punitive section of the trade act. The US Administration insists that

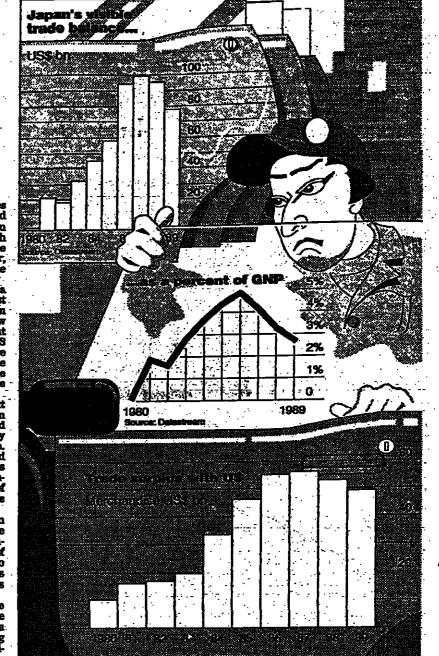
SII is a creative response to those in Washington who advocate managed trade, but trade disputes generally force a managed response from Japan. On semiconductors, Japan has agreed to increase the foreign share of its market to 20 per cent. On supercom-puters, it has given a guarantee of Government procurement of US-made

The trouble is that the more Japan grants "managed" concessions to the US, the more Washington is convinced that central manipulation of the Japanese market is the road to success, and the more US officials overlook the Japanese consumers

they now claim to represent.

Against this background, legislative changes will not be of much help. The Large Scale Retail Stores Law is a case in point. US officials have long been urging Japan to scrap this politically-sensitive law on the grounds carry-sensitive law on the grounds that it slows the opening of larger stores which have more shelf-space for foreign goods. Japan has now promised to quicken approval times for new stores to 18 months this year and a year in 1991. The US hopes that, apart from shelf space, the changes will provide room for US companies such as Toys 'R' Us, whose ambitions such as Toys 'R' Us, whose ambitions to build a chain store network have been cramped by the law.

But an easing of restrictions on big-



ger stores will also create space for ambitious chains such as Nichti and ino Yokado, which has agreed to buy a 75 per cent stake in the alling Southland Corp of Texas, and has a brief to teach that company how to run its chain of 7-Eleven convenience stores. Mr Minoru Tanaka, a general manager of Nichti Co, a large Japanese retailing group, is pleased by the prospect of US pressure laying the foundations for his company's expansion: "For us, it is a welcome development because we will establish more stores,

more quickly."

Japan may now be displaying a healthy appetitie for foreign goods. But US and other foreign companies are going to find the competition in the Japanese market stiffer than ever.

**Robert Thomson** 

# Talks 'buy time

how a senior US administration offi-cial described the goal of the trade agreements reached by Japanese and American negotiators in Washington last week. The talks covered US complaints about Japanese markets for supercomputers and satellites as well decks for the broader multilateral trade talks of the Uruguay Round. as broader market-access issues. But there is still scepticism in Con-gress. Important senators concerned

By "animals" he meant those in Congress urging retaliation against Japan and the negotiation of specific targets for the US share of the Japawith trade policy, like Democrat Lloyd Bentsen and Republican John Danforth, want "concrete and specific nese market, known as "managed trade." Less vividly, Mr John Taylor, of the President's council of economic results." Mr Dick Gephardt, the Democratic House Minority leader and a fierce critic of Japanese trading pracadvisers, argued that the interim tices, has described the SII agreement port produced under Washington's Structural Impediments Initiative Influential policymakers in the Bush administration, such as Mr Nicholas Brady, the Treasury Secre-(SII) was a "significant and workable

alternative to managed trade."
In other-words, the agreements -which will soon be followed by another deal on wood products have more political than economic import and are designed to buy time. The concessions made by Japan are probably enough to prevent Congress approving retaliatory measures this year. Moreover, they have cleared the

But these instincts are offset by political pressures stemming from the persistence of a large US trade deficit with Japan; worries that the US is losing out in sectors such as semiconductors and in new technologies such as high-definition television; and a widespread feeling in the US that

apan is behaving unfairly. The Bush administration has sought to shift the emphasis to mar-ket-opening rather than retaliation or managed trade. In part, the Treasury produced the idea of SII as a response to the continued large trade imbal-ance which, it argued, reflected not just the impact of exchange-rate movements but also various struc-tural impediments on both sides. The State Department has seen SII as a way of increasing the economic inter-dependence of the two countries and helping to improve the relationship. The administration has had to talk

tough, yet by raising expectations, what was intended to be a long-term-discussion of deep-seated structural problems has turned into the usual, cliff-hanging form of trade bargaining.
The results are bound to seem nebulous, yet the US side has claimed as a frist the specific commitments and public recognition by the Japanese

Government that structural impediments do exist. Mrs Carla Hills, the US trade representative, said she expects the Japanese to increase spending on eight public works programmes this year, review land-use regulations and taxation to facilitate property development; substantially liberalise retailing law to shorten the approval period for opening large stores; and to lift a range of other measures seen as anti-competitive.

All these ideas have been presented

by the Japanese Government as being in the interests of the country's con-

sumers. In that sense the SII talks represent more than the usual battle of producer interests. Moreover, the interim report prom-

ises to monitor and follow-up the pledges. As Mr Charles Dallara, a US assistant treasury secretary, put it. The door (to structural reform) is ajar; we have to open it more fully.

What has been largely ignored in the US is that the SII discussions are, as President Bush has said, a "two-way street." The US has made a number of commitments to improve its competitiveness, by reforming its anti-trust and product liability law, savings and raising educational standards. But almost all were merely a repetition of existing proposals in an attempt to save Japanese face.

Overall, the impact of the agree-ments are likely to be smaller than the adverse affect on the trade bal-ance of the recent rise in the dollar against the yen.

Peter Riddell and **Nancy Dunne** 

## Supply side budget

■ Anyone who wondered whether Donald Gelling was big enough to fill the shoes of David Cannan had their answer yesterday when Gelling presented his first budget to Tynwald, the Isle of Man's

ancient Viking parliament. Cannan was sacked as finance minister last December after rubbing up too many people the wrong way. Gelling, an unknown promoted from agriculture minister, has con-tinued tax-cutting almost

where Cannan left off. We have it on good authority that Cannan would probably have cut the standard rate to 12.5 per cent. Gelling has left it at 15 per cent, but bumped up allowances by 25 per cent. While Cannan's political instinct would have gone for a rate half that of the UK, Gelling has taken many more pecple out of tax altogether.

Gelling was elected only three years ago. Now 51, he did very well out of plant hire, and has independent means as a result. Politics is full-time. He has even persuaded his wife, Joan, to give up her job in the local health service to help him look after his constituency while he runs the trea-

sury. Tax cuts have led to surges in tax revenues as the island's economy has continued to grow. More of the same is expected. In future, 88 per cent of islanders will pay no income tax at all. The aim remains a basic rate of 10 per cent.

# Shrinking £

■ Stand by for the new, smaller £5 note. The first issue is due on June 7. It will measure 70 x 135mm, against 78 x 145mm for the current note. There will be a new portrait of the Queen on the front and, this being the age of the train, a portrait of George Stephenson on the back.

Smaller £10, £20 and £50

# **OBSERVER**

tary and Mr Richard Darman, the

Budget director, as committed free traders, argue that the barriers to US

exports that exist in Japan only

account for a small part — perhaps 15 to 20 per cent at most — of the bilateral trade deficit and that much of the

problem lies in macroeconomic poli-

cies and weaknesses in US industry.

notes will follow later. Each will feature an historical figure as well as the Queen, though the identity will not be revealed until nearer the time. One wonders, incidentally, how many people can name without checking the figures on the current notes. For your information, it is the Duke of Wellington on the £5 and Florence Nightingale on the £10. of higher denomination to hand.

#### Discreet buzz

■ Lunchers at a couple of City restaurants are being exposed to a new piece of gadgetry - a host service button.

On each table there is a dis-creet little white box with a black button on top. Press it, and one of the assistant managers comes running. Very handy for those frustrating moments when you seem unable to attract the waiter's attention.
The two restaurants - in

Cannon Street and Moorgate - are part of a chain of five run by Corney and Barrow, the 200-year old wine merchants who cater exclusively to the businessman. Christopher Brown, the managing director, says: "We like to think our service is very good. But you're dealing with people who are very time-conscious. If they're trying to impress a client, they don't want to have to wave their arms around."

The buzzers, which are actu-ally battery-driven miniature radio transmitters, were developed by Bell Telecommunications and are not cheap: a new system costs about £4,000-£5,000, including a central display board which shows the table that has buzzed.

Brown says they are mostly used when customers want the bill. But just in case the buzzers don't get things mov-



"First the Berlin Wall goes, then we do."

ing fast enough, he is about to introduce a money-back guarantee for clients who – for lack of service – can't com-plete their meal in 60 minutes.

#### Church PR

■ There are more than 53m Catholics in the US, and polls show that many Catholic women support a woman's right to limited access to abortion. The Bishops have now come up with a response to this liberal drift among its members: a nationwide marketing campaign to oppose abortion likely to cost up to \$5m over three to five years.

The Bishops have hired Hill and Knowlton, a well-connected public relations firm. and the Wirthlin Group, beaded by Richard Wirthlin, former President Reagan's chief polister, to run the cam-paign, which is aimed at Catholics and non-Catholics alike. Funds will be raised from pri-

vate individuals.

The Church hired a PR firm to help with the visit of John Paul II to the US three years

ago; but this is believed to be the first time it has sought out-

Already the Bishops' spending plans are drawing fire.
Some worry that existing church programmes will suffer.
Others accuse the church of abandoning the spiritual arena in favour of directly attempt ing to influence laws, though black Baptist ministers did the same during the Civil Rights movement in the 1960s.

#### Talk of war

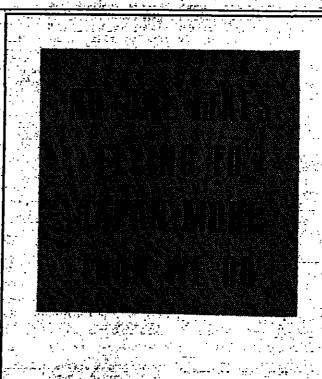
Almost everybody who knows anything about it seems to think that there will be a war between Israel and Iraq in the relatively near future: within the next two years at the outside. When I was first told that - by an exceedingly well-placed American source - a few weeks ago, I thought that he might be exaggerating.

that he might be exaggerating.
But it appears that British
experts go along with him.
So much so that speculation
no longer takes the form of
whether there will be a war,
but what will happen afterwards. The preferred theory
is that Israel will make a preemptive strike on selected Iraqi
military and chemical weapons
installations that Iraq will installations, that Iraq will huff and puff, but will not make much of a military response and will find, in the end, that it has few friends in the Arab world.

Of course, it may not work quite like that. There are a few variations involving Syria and Iran, and there is some concern about future oil sup-plies. But that, broadly, is what the experts are saying.

#### Infinite variety

■ From a California newspa-per: "He said the defence had tried to paint the accused as the innocent victim of circumstances, but the truth was that she was a whited sepulchre, a tarnished lily with feet of clay and the cunning of a vixen." In other words, a mixed



Contract Call Insurance Call Only JAL have 33 flights a week from Europe to Japan.



A year ago everything seemed to be going right for British Airways. At home and abroad it was regarded as the ultimate business turnaround story and one of the most successful of the Thatcher privatisations.

But barely a year later some of the magic appears to have gone. There was first the controversy last summer over the salary increase of Lord King, the airline's chairman. The company which prides itself on its approach to employee training and involvement, faced a strike last year by cabin staff on its UK routes, just as it met more intense competition from British Midland, the second tier UK airline. In the autumn the airline's

international ambitions were upset with the United Airlines (UAL) fiasco. BA was planning to invest \$750m in a 15 per cent stake in the US airline. But the deal collapsed. The UAL deba-cle kindled rumours of top management tensions at BA; these the company denied.

Now the company's ambi-tions to expand in Europe may be stymied by a Monopolies and Mergers Commission inquiry into its proposed \$34m acquisition of a 20 per cent stake in Sabena World Air-lines, the new Belgian interna-tional carrier.

Although BA remains one of the most profitable airlines in the world, like other major international carriers it faces a rough ride in an increasingly competitive airline market.

The airline business remains a long-term growth sector, with traffic expected to con-tinue to rise at an annual rate of 6-7 per cent throughout the decade. But it is also hostage to economic downturns and fuel price increases, as well as having to adapt to deregulation and to cope with the growing problems of congestion in the air and on the ground.

All these new pressures coincide with the launch yester-day by BA of a revised edition of the company's "mission and

Sir Colin Marshall, BA's chief executive, who claims he always carries the little card setting out the company's creed, says it is important for a company to "recharge the batteries" every so often. "It is essential that we take a look from time to time at a document like this. One has to ensure employees are motivated on an ongoing basis," he explains.

Its revision coincides with a trend among major privatised British companies which, like Moses, appear to need to spread the tablets of their corporate goals before their employees, to reinvigorate Paul Betts, Paul Abrahams and Charles Leadbeater report on an airline's credo

# **BA** recharges its batteries



Sir Colin Marshall (left) and Lord King; BA's Chief Executive and Chairman respectively

tial burst of energy from privatisation has started to wear off. Unlike British Petroleum and British Telecom, which have recently restated their goals, BA plans no manage-

ment reorganisation.
Sir Colin concedes that on the surface at least, the goals appear platitudinous. They appear platitudinous. They state, among other things, that BA's mission is "to be the best and most successful company in the airline industry." One of the goals to achieve this is "to

secure a leading share of air travel business worldwide. Yet behind the platitudes, the new document is signifi-cant in that it fixes the broad direction the airline intends to take in the early 1990s.

The statement is designed to

help the company refocus on its core airline business. The message is that we have no intention to diversify in any substantial way," emphasises Sir Colin. The latest restatement is a

response to the changes taking place in the company's com-mercial environment. The company's costs, like those of other airlines, are ris-ing with higher fuel and labour charges and increases in air traffic control and airport land-

BA must cope with more robust competition from other large carriers with aggressive expansionary plans. American Airlines has made no secret of

years ago. People from all over the world (especially Europe-ans) profited enormously from that development. Freedom of

enterprise, not prohibitive reg-ulation, was the key. History

can repeat itself.

If investors and businesses are to succeed in Europe they will, for the time being at least, have to pass through the UK. London is the world banking centre and paternay in Europe.

centre and gateway to Eurocentre and gateway to Euro-pean finance and, once again, England has the opportunity to become a major global force. As water seeks its own level,

so will international busi-

nesses seek the path of least resistance to achieve their

ends. It is these entities that

It will take more than the

convenience of being ideally

the UK must accommodate

can repeat itself.

its ambitions to exploit the new opportunities in Europe's increasingly deregulated air-line market as well as expand-ing in the Far East and Latin America. "We want to fly everywhere where we can fly profitably," says Mr Bob Cran-dall, American's chairman who

has turned the airline into the biggest US carrier.
Competition is getting tighter on BA's lucrative long distance routes. Far Eastern carriers are all manoeuvring to increase their long distance

BA is also trying to restore the deteriorating margins on its European short haul ser-vices, as other large European carriers like Lufthansa and Air France become more aggres sive. Lufthansa has set its eves firmly on the new opportunities in eastern Europe while Air France recently took con-trol of UTA and Air Inter in France – a deal now under the scrutiny of the European Com-

These competitive pressures are likely to increase as regula-tions which limit competition are liberalised in Europe. Mr David Jones, BA's new head of corporate strategy, believes the mission and goals should allow the company to set clearer priorities to adapt to the new environment. He says : "We have had a

problem focussing on different

elements of success at the

same time. In the early 1980s it

was cutting costs, then improving the quality of customer service, then marketing and branding."

The most important goals, he stresses, remain the need to match safety and security with a strong and consistent financial performance. BA has a good record in both areas. The company seems set to report further profit growth for 1989 and 1990, at a time when several other European and US airlines have been reporting

lower earnings.

But for the first time the need to control costs is explicitly stated. The airline needs to emphasise value for money and provide quality at competi-tive cost levels. "We can't have quality at any price. That was not explicit before." says Sir

The other key goal of secur-ing a leading share of the world air travel market will depend on external factors as much as the company's skills, as the events of the last few weeks eloquently testify. The British Government's

decision to refer BA's stake in Sabena World Airlines to the MMC, is a blow for the airline. BA hopes to use the Sabena association to develop a major European hub at Brussels as part of its strategy to restore the profitability of its Euro-pean operations. BA has made it clear that it is not prepared to negotiate a compromise over its Sabena stake as it did dur-

ing its takeover of British Caledonian just over two years ago. At the same time, BA efforts to increase its penetration of the US market have continued to be frustrated by the failure of the US and UK governments to renegotiate the bilateral air service agreement between the two countries known as Ber-

Through a marketing agreement it negotiated with United two years ago, BA has been better positioned in the US than many of its European

But in recent months, many competitors have been attempting to catch up through deals with other US carriers. Swissair has entered into a global cross-shareholding alliance with Delta of the US and Singa-pore Airlines. KLM Royal Dutch Airlines has invested in Northwest and SAS owns a holding in Texas Air.

Although Sir Colin says BA will not become involved in a new United buy out plan, he is watching the situation closely. He remains confident that whatever the outcome, the marketing agreement with United will stick because it is so profitable to both airlines.

Lord King recently com-plained that the upheavals at UAL have distracted the US carrier from developing the agreement. But it is at the cen-tre of BA's globalisation strategy, involving agreements and alliances with partners around the world. One recent example of was the marketing deal with Air New Zealand, despite BA's initial failure to acquire a stake in the airline.
At the same time, the com-

pany will pursue its policy of fleet rationalisation (it is polsed to take a \$3.8bn decision to purchase new aircraft to replace its old DC-10s and L1011s trijets). It is also continning to market specific pas-senger services with brand names; it is about to launch a new "super economy" class. It sees improvements in punctuality as key to success and is further developing computerised ticketing systems.

Mr Jones says that the success of many of the mission statement goals will ultimately depend on the performance of BA's senior management and in particular of Sir Colin. But he also says that if the goals are to be achieved the sense of mission will have to cascade through the company. Much will depend on how successfully Lord King and Sir Colin can rally their troops.

The neat plastic cards with the company's creed are designed to this end. The question is whether the message they carry will rub off on

# Leaving it to the History Man

Michael Prowse argues that Mrs Thatcher should stop interfering with the National Curriculum

child in pursuit of knowledge, and not knowledge in pursuit of the child - George Bernard

MRS Margaret Thatcher must be wishing she had appointed Magnus Magnusson, the pre-senter of the television quiz show Mastermind, as chairman of the National Curriculum History Working Party. Mr Magnusson has an admirably robust approach to the assessment of knowledge. He simply shines a powerful light in the eyes of contestants and fires actual questions at them. The winner is the person who can recall the most information at

the greatest speed. In contrast, Commander Michael Saunders Watson, the old Etonian chairman of the history group, has proved a wishy-washy liberal. In his interim report last August, he argued that students should not be assessed on factual knowledge per se; the formal "attainment targets" instead included goals such as "under-standing points of view and interpretations of history."

Mr John MacGregor, the Education Secretary, rejected this approach. He asked the group to consider making factual information an attainment target in its own right. Mr Saunders Watson and his colleagues, mainly teachers and professional historians, have thought again: their considered conclusion is that factual infor mation should form a crucial part of the statutory "programmes of study" but not be included in attainment targets. The Commander, in other words, is not to be intimidated. Downing Street is reportedly displeased. Mrs Thatcher will not accept the final report. Mr MacGregor is playing for time: implementation of the recom-mendations is being delayed for two months while he seeks second opinion on the feasibility of Mastermind-style tests. Meanwhile, one of the members of the working party has revealed that submi on the interim report, which the Government will not pub-

lish, overwhelmingly support its approach.

Are Mrs Thatcher's concerns
(which are shared by right-

WHAT we want is to see the wing groups such as the Centre for Policy Studies) justified? A careful reading of the final report suggests not. Mr Saunders Watson and his colleagues are not saying that factual information is unimportant; they are merely arguing that it must be assessed in the only way that invests it with mean-ing: in context." Without understanding, history is reduced to parrot learning and

ssessment to a parlour game."
There is nothing at all radical or progressive in this view. In Britain, the essay has been the traditional means of assessing achievement in history. It has never been possible for stu-dents — whether taking O lev-els at 16 or Oxbridge entry at 19 — to attain high marks simply by listing facts. The essence of the essay approach is that the student uses factual information as and when necessary to develop the argument and convey an understanding of the issues

The working party's decision to make skills and understanding the focus of attainment targets is thus wholly consistent with long-standing educational traditions. Factual information is kept in its proper place in the programmes of study. This is also the only practicable approach given the peculiarly complex system of assessment being introduced. Under the National Curriculum, students are expected to climb an educa-tional ladder with 10 rungs: in each subject working parties have to specify 10 levels of attainment.

This model works well in hierarchical subjects, such as mathematics and science. But in an arts subject such as history, the notion of linear progression makes less sense. The history group had enough trou-ble attempting to make its sion makes less sense. The broad - brush attainment targets conform to this artificial structure. Take the target understanding history in its setting." When explaining his-torical issues, level 7 pupils will be expected "to show a detailed awareness of the idea of change." Level 8 pupils will have to "apply extensive understanding of change to complex historical issues." Spot the difference if you can.
If factual information

the problems would become hairier still. The history group is surely right to argue that there is no defensible rationale for assigning information to any given level or number of levels . . . the judgment that one historical fact is of more or less importance than another must always appeal to a wider historical context." Just imagine trying to specify 10 levels of factual knowledge about the Thatcher Government (1979-1992). Which level (if any) would need to know the names

of all her Trade Secretaries? The real concern over the history curriculum is not that insufficient emphasis is being placed on facts but that politicians are meddling in matters about which they have no spe-cial expertise. The Government has already exploited its power by appointing a committee which it thought would pro-duce the "right" answers. Mr Saunders Watson, the owner of Rockingham Castle in Leicestershire and a past president of the Historic Houses Association, was picked precisely because he was not a professional historian or educational-ist. Ministers should now have committee's recommendations

The concept of a National Curriculum is highly dubious. There is little educational logic in attempting to impose a single blueprint on all state schools. But given that this is official policy, the history group has done a remarkably good job. My reaction after reading the final report was that it should be fun to teach (or learn) history in the 1990s. GBS would have approved.

The proposed curriculum is balanced and liberal. It makes a spirited attempt to rectify existing flaws - such as the tendency to regard Britain as the centre of the universe and to play down the importance of social and economic history. More world history and less emphasis on the activities of English kings and queens are clearly desirable in what is now a middle-ranking, multicultural nation.

The working group deserves public support in its fight to withstand political interference and the Mastermind syndrome.

# LETTERS

# Telecoms and a UK opportunity for leadership

From Mr Nigel Kyntlo. Sir, Hugo Dixon's three-part series just ended ("Phone cartel faces up to inevitable change," April 5) made reference to the current telecommunications reconstructions nications regulatory environment in the UK and Europe.

The UK has an opportunity
to assume a leadership role in

the development of eastern Europe and to assist in its entry into the 21st Century. If the doors of financial commerce are to be opened, the European Community must permit expansion and vigorous development of one of the primary tools of capital forma-tion: telecommunications. Once the telephonic "sea-

lanes" of commerce are opened, the financial and commercial markets of Europe's emerging democracies can flourish. Eastern Europe can transform itself from a welfare drain to a self-sustaining con-tributor. There is still time for the UK to decide whether it

#### Snapshot

From Mr Roger Giles. Sir, We wonder why you chose, on our opening policy conference day (April 5), to photograph the press and observers' gallery of the Wolverhampton Civic Hall rather than the floor where several Roger Giles, Convener, Media Committee,

than the floor where several hundred party members were engaged in developing policy. The Green Party, 10 Station Parade, SW12

# A taking of liberties

From Mr J.K. Swales.
Sir, Christopher Dunkley, begins his article reviewing the Granada programme, Who Bombed Birmingham, "Nevermind the method, establish the state." truth," April 4) with the statement: "There are few countries in the world where there is more liberty for the individual, greater freedom of expression a more effective democratic

will lead that process or ignore it.

A unified Europe represents an opportunity akin to being able to invest in the infrastructure of the US a little over 100 years ago. People from all over the world especially Europeans and cultural leader of Europe and perfect of the world. and perhaps the world. The UK must concentrate more on connecting with the rest of the world, than on

unfounded fears about the impact that deregulation of international telecoms resale may have on the universal service capability of the UK's dominant carrier. I say "unfounded" because the US experience with deregulation shows that resale, in particu-

• created a rich diversity of services that had not been available previously; promoted competition among the dominant carriers, which resulted in lower domestic rates as long distance busi-

ness users discovered these

fair trial, than in England." Are these freedoms and lib-erties denied in Scotland and Or is it simply Northern Ireland that Mr Dunkley is subconsciously excluding? J.K. Swales, The Fraser of Allander Institute for Research on the Scottish Econom Francis McInerney, Vice President. University of Strathchyde, North River Ventures, 237 Park Avenue, New York

an entirely new telecoms industry by giving users what they wanted rather than telling them what they could

It is difficult to understand how the British Government can be concerned about resale affecting British Telecom's ability to provide UK universal service, yet have no problem with multi-billion dollar out-of-country expenditures (such as purchases of Tymnet, and McCaw Cellular stock). If universal service really were threatened, this money could be applied to that need. Nigel Kynilo, I Devonshire Place,

From Mr Francis McInerney. Sir, Hugo Dixon's series is ground breaking. His point is excellent: a bitstream monopoly is the Opec oil cartel of the information age.
The world telecommunica-

tions market is some \$400bn today. By the year 2000 it will top \$1.3 trillion, roughly the size of the US gross national product in 1978. With this kind of money around a lot of peo-ple stand to get stinking rich. Mr Dixon has hit the nail on the head — governments everywhere want this cash flow for themselves. They will not give it up willingly. The rest of us will be robbed blind.

# Whose technological exports are at work all over the world? (and out of it.)

On January 12th, the crew of the space shuttle Columbia were faced with a little problem. How to get an 11 ton rogue satellite back down to earth.

Luckily they were equipped with the 'Canadarm', designed and built in Ontario by Spar Aerospace for NASA. Mission accomplished.

Technically sophisticated companies have always prospered in Ontario, possibly because more than half of all research and development money spent in Canada is spent here.

A modern, well-established industrial infrastructure coupled to a mature financial community helps to propel such technological advances out of the lab and into the market place. (A market place of 275 million people called North America.)

And a highly skilled, highly educated workforce means unparalleled levels of productivity and quality control.

Not surprisingly, the quality of life here is equally desirable.

Ontario has the highest per capita exports of any industrial society, which perhaps explains why IBM, British Telecom, Sharp and Wang are thriving here, just 6/2 hours from Heathrow.

So if you've got a satellite the size of a double decker bus to catch or an extremely complex component to manufacture, you know where to come.

In Ontario, you've got it made.

Please send me a broch Ontario.	ure relling me how to make it in
Name	Position
Company	[
Address	<u> </u>
Government of Ontario London SWIX 7LY Tel:	



#### UK training: bureaucrats in the campaign for improvement

From Mr C. Fudge.
Sir, May I add a rider to your leader ("A cautious move on youchers," March 28) on the new training credit scheme, Training Enterprise Councils (TECs) and the accompanying report which said: "The idea of credits was first put forward by the Confederation of British

All power to employers' efforts (with trade unions I hope) but please let me recali that in recent years it was the much derided "bureaucrats" who made most of the noise about Britain's less-than-commendable international training record, most notably in the 1984 National Economic Development Office (Nedo)/Manpower Services Commission (MSC) international study,

Competence and Competition (and later in The Making of Managers). It was received with less than enthusiasm by

employers at the time. It was this report which pointed to the link between investment in education, training and competitive success. and inter alia, to the scope for bringing UK employers more closely into decision making on training, through bodies modelled on the US Private Industry Councils, and to the possibility of individual training accounts, vouchers and credits which might be porta-

hle between employers. These matters were explored in more detail the following year in the report, Challenge to Complacency also commis-sioned by Geoffrey Holland, then MSC director, and (Sir) John Cassels, then Nedo director general. C. Fudge, Bargate Cottage, Churt Road, Chart, Farnham, Surrey

From Mr LR. Bloor. Sir, I agree with Mr Pratten ("The limits to training," April 3) but feel he might have unwittingly overstated the importance of scale as an alternative competitive weapon.

It is true that, historically at least, US labour productivity has been higher than that in

Europe because of longer pro-

duction runs. This factor is

however, of diminishing impor-

tance in the markets of

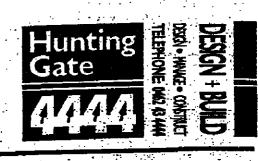
where standardised goods produced on the basis of long production runs are increasingly supplied from cheap labour countries in the Third World. The important growth mar-

kets are increasingly those for more sophisticated higher value added products for differentiated niche markets, produced by sophisticated, flexible manufacturing systems. These trends require greater sophisti-cation in process as well as product design thus enhancing the need for education and training while diminishing simple scale economies as an element of future competitive

I.R. Bloor 1 Brickfields Close, Oakerthorpe Road,

# **FINANCIAL TIMES**

Wednesday April 11 1990



# A nation divided with no taste for unity

Kieran Cooke forecasts a cool reception in Ulster for the Irish Prime Minister

R CHARLES Haughey, the Irish Prime Minister, steps into the lion's den today when he visits Belfast in Northern

It will be the first visit for more than 20 years by an Irish Prime Minister to Belfast, capital of western Europe's most

troubled region.
There have been angry denunciations of the visit from Northern Ireland's Unionist community who see Mr Haughey as "the enemy of Ulster" and his presence as yet another example of Dublin's interference in Northern Ireland's internal affairs. The majority of Unionists favour continued union with main-

land Britain.
Unionists say the Irish Prime
Minister's visit is particularly insensitive coming after recent controversial Irish judicial decisions not to extradite three men wanted on terrorist-related charges in Northern Ireland, and only 48 hours after the murder of four soldiers in

an IRA bombing.

The army and police have been put on full alert in case of rouoie. Irish officials have empha-

sised the European nature of Mr Haughey's trip. As Presi dent of the European Council Mr Haughey will be addressing a meeting of the British Institute of Directors. During the Irish EC presidency he has been careful to keep the Northern Ireland question off the EC

agenda.

But both Mr Haughey and
Mr Gerry Collins, the Irish
Foreign Affairs. Minister for Foreign Affairs, have repeatedly contrasted the momentous changes that have on a recent trip to the US, taken place in Europe in recent of Mr Collins picked up the



Hard-line Protestant leader Ian Palsley outside Belfast's Europa Hotel where he plans to lead a protest demonstration against the Irish Premier's visit today

months with the seeming intractability of events in Northern Ireland.

The Irish Government has been keen to draw parallels between German unity and Irish unity. "As someone from a partitioned country I have a strong basic sentimental attachment to the idea of German reunification," said Mr Haughey late last year.

theme: "The question of reunification is important not only for the Germans but also for the Irish."

The parallel is an obvious but not altogether valid one. East Germans mostly want unification with West Ger-many. A recent poll in North-ern Ireland found that only 11 per cent of those interviewed wanted to become part of the Republic of Ireland. Not sur-prisingly Protestants nearly all

per cent opting for integration with the south. But it seems that Northern Ireland's Roman Catholics still remain to be convinced that unity would be a good move. According to the polls, only 26 per cent of the Roman Catholic population in Northern Ireland want to be ruled by Dublin.

The promise of better living conditions and property has

conditions and prosperity has been one of the attractions of a united Germany for East Ger-mans. The same is not the case

in Ireland.

For the most part, people living in Northern Ireland have a better standard of living than those in the Republic. The British of the Republic to British the Republic to British Company of the Republic to Repub ish Government has tended over the years to throw money at the problems of Northern Ireland: the British Exchequer spending in the province this year will be nearly £6bn (\$9.8bn). Northern Ireland's health service, its education system and its roads are

among the best in the UK.

Mr Haughey has described recent economic achievements in the Republic as "a minor economic miracle." But a range of government cutbacks to deal with a national debt of I£25bn (\$15.75bn) have brought severe problems in the Repub-lic's health service and educa-tion system, while the road network in parts of the country is in a severe state of disrepair. Unemployment in Northern Ireland, at 14 per cent, is still the highest in the UK. Roman Catholic males are still twice as likely to be without jobs as their Protestant counterparts. But south of the border, unemployment is 18 per cent and emigration is running at its highest level for several years.

There is also the less definable but nonetheless relevant question of attitudes both north and south of the Irish border to the question of unity.

While those in the Irish Republic might have an emotional attachment to the idea of a united Ireland, many seem content to have it remain only a remote possibility. Despite recent attempts to improve recent attempts to improve cross-border co-operation, there are no signs of a head-long rush to dismantle the border in advance of 1992. The Irish Government still flaunts the EC rule book by imposing penalties on cross-border shop-

Last weekend, Mr Haughey said that Anglo-Irish relations would continue to be difficult while the present abnormal sit-uation exists in Northern Ireland. Since the start of the present phase of "The Troubles" in 1969, some 2,792 people have been killed in Northern Ireland. Of those, more than

1,900 were civilians.

The killing has declined in recent years and over the past few months there had been considerably less paramilitary activity and some signs of political progress. But political talks have once again floun-dered and the Irish Republican Army (IRA) has this week again demonstrated its killing capacity. Extradition has caused yet more problems in Anglo-Irish relations.

Angio-Irish relations.

As Mr Haughey is rushed in and out of Belfast today in what is likely to be one of the biggest security operations ever mounted in the city, he might reflect that their security of the state of the city. might reflect that things remain far from normal in Northern Ireland. Sinn Fein conciliation, Page 11

# Judgment day in the Next world

Next is a prime example of everything that went wrong with the retail sector in the late 1980s. Overambition, over-expansion and a lack of attention to costs bore fruit in yes-terday's dreadful figures, with more write-offs than a demolimore write offs than a demoli-tion derby. The management is obviously working on the kitchen sink principle of get-ting all the bad news out of the way in one go. But even so the provisions shed new light on the company's old problems — with investments being written off which symbols did not even.

know had existed. It is still far from certain that Next can become a recovery stock. So far this year, the group's retail sales are down 3 per cent, on space down 4 per cent. Cost pressures continue to be intense - rent increases are around 20 per cent - and the group has had problems

off which analysts did not even

with some of its clothing ranges. And it is possible that the proliferation of outlets, in all their different forms, may have damaged the brand name irretrievably. Meanwhile, the agency mail order business is in terminal decline and it will be a while before the growth of the Next directory and the other direct mail businesses

The retailing business should be trading profitably after rationalisation and presumably the write-offs have been sufficiently drastic to allow some room on the upside for profits this year. But the real question is whether the company can hold the dividend.

— If so, the shares are yielding a prospective 8.6 per cent at last night's 73p. That may provide some support but the best home for a processory is a hid. hope for a recovery is a bid, with Sears, which may want to integrate Grattan with Freemans, the current market favourite.

compensate for it.

3iBJ

The history of joint ventures between Western financial institutions and their Japanese counterparts has not been a particularly happy one. Rither the unions falter because of the obvious culture risshes or the Japanese partner picks up the tricks of the trade wellkly and soon prefers to go it alone. That said, the partnership oetween 31, Britain's b stventure capitalist, and IBJ, probably the best connected of all the Japanese banks, is an interesting move.

Although the Japanese economy is four times as big as the UK's, its venture capital business is less than a quarter the size. If there ever was such a Share price (pence)

thing as an equity gap in the UK, then it is far more pronounced in Japan. There are thousands of family businesses, for example, where the founders are close to retirement and have no obvious successors. There has already been a surge of foreign interest in stimulating an active domestic takeover market. But the provision of venture capital is an equally attractive solution, especially since Japanese equity capital injections still seem to be confined to the need for strategic alliances or pre-floration financing. If 31 can make the partnership work, it stands to collect a bunch of investments which will be the envy of any foreign investor cycle.

Specialising in small Japanese Just to add insult to TVS's injuries, the outlook is bleak injuries, the outlook is bleak investments which will be the

RMC is by nature a candid

company. Its despatches from the front-line of the UK build-ings material market, delivered yesterday with its annual results, deserved to be taken very seriously. RMC's news of a 7 per cent fall in the first quarter in production of readymix concrete, sand and gravel suggest 1990's slump in demand is considerably demand is considerably sharper than most commenta-tors expected six months ago. In roadstons, volumes are hold-ing up, but it is an open ques-tion whether the industry's spring price increases will stick.

So this year will sort out adults from children in the less clear whether investors have already fully digested this. Including yesterday's 25p fall to 815p, RMC's shares have dropped by an eighth since James 1; yet there may be scope for more pain, for the sector generally, if the market takes fright at what Tarmac

eports on April 24. As regards RMC, earnings per share rose 17 per cent at 68.5p in 1989, but will likely fall in 1990. Trading results from its buoyant West German ready-mix business should ready-mix business anothin make up for the drop in the UK, where operating profits fell in 1989's second half, for the first time for many years. The snag is that high German taxes, and RMC's minority shareholders there, will keep some of the benefits out of its exercises line. If the meantime. earnings line. It the meantime, it is a telling comment about continental share prices that in spite of its large German expo-sure, RMC is trading on 9.2 times 1990 earnings, while Ger-many's Heidelberger Zement is on a p/e of about 26.

Many British companies have made disastrous acquisi-tions in the US, but TVS's troubies with MTM are worse than most. It paid £190m for the US production company in 1988, so far, MTM's net contribution is a loss of £5.3m and at best it is expected to break even this year. The idea of selling half the company has now been shelved. But MTM's latest recruit, the Galloping Gourmet, will have to run pretty for the product of t fast to produce a substantial increase in profits until the current networked productions work their way through the

for advertising income in the UK and the company is the market's favourite to lose its franchise in the forthcoming round. The shares rose 4p yes terday merely though relief that the company paid a final dividend; it is hard to see them rising much further.

CS/Bank Leu

The urge to merge among Surope's smaller banks is no secret. Economies of scale and increased competition resulting from the steady dismenting of Europe's financial boundaries has left many banks, especially from the smaller countries, feeling that they have to be bigger to sur-vive. Nevertheless, Credit Suisse's bid to gobble up Bank terials sector. It is Len. one of its smaller com tors, is rather puzzling. Given the well publicised problems of its US affiliate, which has damaged its own rating, it is hard to see how CS can avoid dilut-ing its own shareholders given that Bank Leu is trading at over 15 times earnings and its recovery prospects are patchy.

40-55

Dry to

TROPY .. .

A COLOR

# Haughey expects summit to set | Indian PM warns of up committee on political union war over Kashmir

By David Buchan in Brussels

EUROPEAN Community leaders will set up a high-level group to study political union at their Dublin summit later this month, Mr Charles Haughey, the Irish Prime Minister and current EC President,

forecast yesterday.

After meeting Mr Wilfried Martens, his Belgian counterpart, he said the most likely outcome of the talks on April 28 would be the creation of another Dooge committee that might pave the way for a second intergovernmental conference (IGC), on political unity. The EC is already committed to the opening, in December, of its first IGC, on monetary

The original Dooge commit-tee was set up in 1984 under Senator James Dooge, a former Irish Foreign Minister. It called for extended majority voting in the EC and set in train the 1985-86 negotiation of the Sin-

gie European Act.
The idea for another such grouping has been circulating among federally-inclined EC

nomads were huddled around

radio sets in remote regions,

absorbed by the speeches. However, the herdsmen have been more inspired by a sense

that Mongolia is now in control

of its own destiny - after decades of Soviet manipulation and 200 years of Chinese domi-

The most obvious sign of

renewed nationalism is the rise of the cult of Genghis Khan. The driver of my hired Rus-

sian-built Volga has stuck a picture of one of Genghis's

sons on the windscreen, and the Hearth of Genghis Khan movement, which has risen with doyens of quasi-political groups in recent days, claims

5,000 members and promises of

support from all 18 provinces. The Genghis Khan cult is a

subtle way around the sensi-

tive issue of mass criticism of

Soviet control. Foreigners are

told that a handy phrase in Mongolian is "I am not a Rus-

nation before that.

EC central bank governors will appoint a team of experts next month to help prepare the way for economic and monetary union, Mr Karl Otto Põhl, Bundesbank president, said yester-day, Reuter reports from Basle. Speaking after a BIS five or six economists would start work on July 1.

Mr Henning Christopher-sen, Commissioner for Monetary Affairs, attended the meeting. Mr Pöhl said work on preparing statutes for a European central bank was just beginning, and no deci-sions were likely before the end of this year.

the Community should get on

fairly quickly with deepening its integration." He has consulted half his counterparts, including the leaders of West Germany, France and Italy. The Irish Premier, who will chair the Dublin meeting, said that the high-level group leaders, and Mr Haughey said there was "a general mood that would be composed of personal representatives of EC leaders.

zens have been beaten in

recent weeks. A young Mongo-lian warned that "after a few

glasses of Mongolian vodka, it's difficult to know who is a

Mongolians complain that they are Rs9.5bn (\$15.7bn) in

debt to Moscow and that for

that they have received shoddy Soviet equipment and also had to sell their meat at discount

Green Party has condemned a Soviet-built thermal power sta-tion which belches smoke

across an otherwise clear Ulan

Bator sky.
Communist party leaders had been urged by Soviet advisers to marry Russians

and Sendenbal, who ran the country for 40 years until 1984,

has settled into sensity in a Moscow apartment with his

Mongolians are developing confidence that the bloody

yesterday suggested that sian," and several Soviet citi-

He refused to take for granted opposition from Mrs Margaret Thatcher, whom he will see next week in the course of his pre-summit con-

sultations.
"I would not like to contemplate going ahead without her," he said. But he added: "Twe seen her agree to certain conclusions of which she did not approve, for the sake of consensus," and cited her acquiescence last December in the calling of an IGC on monetary union

The concept of political union is less absolute than monetary union. At this stage, the plan that would be laid before a new Dooge committee would be one that has been drawn up by the Belgian Gov-

ernment, Mr Haughey said.
This calls for stronger powers for the European Parliament and Commission, rather than the straight federalist structure which the Delors plan envisages in the monetary field. It also calls for closer security co-operation, which might create difficulties for neutral Ireland.

By David Housego in New Delhi and Zafar Meraj in Kashmir

against supporting Moslem militants seeking independence in Kashmir.

capability to inflict heavy

in New Delhi was exacerbated when Kashmiri militants claimed responsibility for two bombs which exploded in the Indian capital yesterday, injur-ing nine policemen. It was the first attack by separatists against a police station in the

that the Government knew that Pakistan had moved its radar systems to the border and had made operational its airfields on the front. India and Pakistan have fought two wars over Kashmir

since independence from Britain in 1947. India rules two-thirds of the region, Pakistan the remainder. The Indian Prime Minister

was speaking soon after mili-tants from the Jammu and Kashmir Liberation Front (JKLF) killed the Kashmiri manager of the state-owned Hindustan Machine Tools Company. He was one of three hostages they hold. Mr Jagmohan, the Governor of Kashmir, has threatened

that a curiew, now in its fifth day, will continue until the other two hostages, including the vice chancellor of Kashmir university, are released. Mr Singh said Pakistan's

strategy seemed to be to avoid an armed conflict and to continue to fan insurgency with India. If this did not work, he said, Pakistan might opt for a limited intervention. The Indian armed forces were ready to cope with any eventuality, he said, but he also called upon people to be "psy-chologically prepared" for war.

# Soviet Union warms to Thatcher vision

By Robert Mauthner in Moscow

THE Soviet Union accepts the idea of "a great alliance for democracy from the Atlantic to the Urals," suggested by Mrs Margaret Thatcher, Britain's Prime Minister, Mr Eduard Shevardnadze, the Soviet For-eign Minister, said yesterday. Mr Shevardnadze was speak-

ing at a lunch in honour of Mr Douglas Hurd, the British Foreign Secretary, after talks in Moscow on arms control and European security between the two ministers.

Mr Hurd also had a 90-min-

nte meeting with President Mikhail Gorbachev at which he expressed the concern of Britain and its European partners over developments in Lithuania "He was extremely forthcoming," Mr Hurd said of his conversation with Mr Gorbachev. "I have had a very clear account of the background to

Lithuania."

President Gorbachev and Mr Shevardnadze are both understood to have assured the Foreign Secretary that Moscow was trying to find a solution through dialogue, although Soviet statements indicate a hardening of Moscow's posi-Mrs Thatcher's proposals

the Soviet Union's action in

were made at an Anglo-Ger-

man conference in Cambridge, England last month. They con-

sisted of a seven-point plan of action for the summit of the 35-nation Conference on Secu-rity and Co-operation in Europe (CSCE), later this year. Mrs Thatcher proposed that the summit should: Strengthen democracy by setting out the conditions to be

fulfilled for holding free elec-• Lay down principles for the respect of the rule of law and human rights. Extend political consulta-

tion involving the widest possible number of countries.

Give the CSCE a conciliation role in disputes. • Lay down principles for a free market society.

Solemnly reconfirm the Helsinki Final Act commitments

on European borders.

• Sign the agreement on the reduction of conventional forces in Europe, being negotiated in Vienna. Mr Shevardnadze stressed that he did not agree with Mrs Thatcher's view that the CSCE

should not take on a defence role, and that this should continue to be dealt with in the framework of existing alliances. The policy of military blocs would have to be ahan-Mr Hurd and Mr Shevard-

doned sooner or later, he said. nadze also disagreed over whether a unified Germany should belong to Nato. - ADVERTISEMENT ---

BUSINESS

**US Navy contract** for search radar

Cardion Electronics, of Long Island, New York, a British sister company of Ferranti Computer Systems, has won a contract to provide the United States Navy with redar antenna modifications. The modifications are required to replace C-band and X-band antennas currently used on Class A surface search radars. They are to be installed as part of a major upgrade program to standardise antennas and introduce an Identification Friend or Foe (IFF) capability to the SPS-55.

to the SPS-55.

Rhapsody enhanced

The latest software package to be included on the Rhapsody digital key system from Ferranti Business Communications significantly improves the feature profile by introducing Smart Box facilities to enable direct connection to the Mercury telephone network. The ability to source the Mercury network, in addition to the BT network, can provide significant costs savings for companies which require to place numerous long distance place numerous long distance telephone calls.

Briefly...

Tate & Lyle Sugars, a division of Tate and Lyle Industries, has awarded a contract to Ferranti International Engineering to supply an Italyru mobile harbour crane for the Silvertown sugar refinery. for the Silvertown sugar refinery.
Ferranti Infographics has added a concurrent engineering facility, called Mazurka MANUFACTURING, to its already successful Mazurka computer-aided design system.

£20m 2050 contract

Ferranti Computer Systems anti-submarine operations. has beaten off strong international competition to secure a Sonar Type 2050 systems was 220m contract for the production of a third batch of the the system being sea trialled Royal Navy's Type 2050 surface ship sonar. This means of schedule. The second award face ship sonar. This means of schedule. The second award twenty-seven 2050 systems in November 1986. The Type 2050 Sonar is the largest single current sonar company.

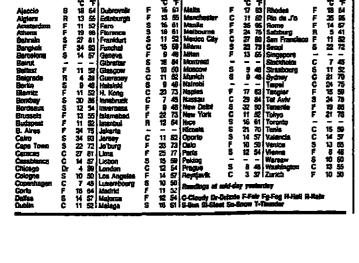
Sonar 2050, a high performance active and passive sonar, system has been developed by Ferranti International It is being fitted to the Royal Navy's latest Type 23 sand some Type 42 Systems the dominant British destroyers to equip them for contractor in this field.

WATER **Severn Trent contract** 

In the face of strong competition, Ferranti Industrial Electronics (FIEL) has won a substantial industrial Electronics of the Tocks will also have the capability of carry out the functions of the DOCs out-of-hours. Each Telemetry Computer will be capable of running the Will be capable of running the Whole of the Southern Telemetry Area, and the Centres operations; throughout the company's Southern Area. The system will be based an the Ferranti MARK 3 family of outstations and the new will also be provided by VAX Master 11 Supervisory Control and Data Acquisition each district office and in conjunction with FIEL's software subcontractor Science Systems.

Telemetry Computer Centres (TCCs), will be established at Staverton (Gloucester), and at Finham (Coventry) and there will be five District





**WORLD WEATHER** 

Cult of Genghis Khan continued from Page 1 purges of the past are over. A 70-year-old former soldier, his shabby clothes proudly deco-rated by medallions, showing that he fought the Japanese in 1939, and his eyes virtually closed by cataracts, said that the changes of recent weeks have made him happy. He has been a Communist Party member for 47 years but believes that "these new parties are a good thing."

good thing." For too long we have listened to only one voice. You have more good ideas in a country if you allow many voices to speak. We need many voices if we want to make Mongolia strong."

For the nomadic herdmen who make up about half of the country's two million popula-tion — debates on the techni-calities of Marxism only have relevance because, for most of this century, they have had to lug around Marxist and Lenin-ist texts as they moved camp four times a year, with the sea-

The ruling Communist Party began the extraordinary con-gress with promises to produce 104 calves from every 100 cows" as part of a more prag-matic reply to the rise of opposition parties. The opposition have promised to put a television set in every yurt and double herdsmen's salaries.

The Mongolian Peoples Revolutionary Party, as the Com-munist Party is known, now talks of developing a "statecontrolled market economy." In between the speeches yesterday, state television ran a game show designed to prove to the masses the need for economic change and, in particu-

THE CRISIS in Kashmir deepened yesterday as Moslem extremists publicly killed a hostage in Srinagar, the Indian Government's summer capital, and Mr V.P.Singh, the Prime Minister, told parliament that India should be "psychologically recovered" for war cally prepared" for war.

Mr Singh issued his strongest warning yet to Pakistan

Pakistan would have to pay a very heavy price" for any military adventure against India or for trying to use insur-gency as a weapon to achieve territorial gains, he said. "Our message to Pakistan is that you cannot get away with taking Kashmir without a war. They will have to pay a very heavy price and we have the

The growing sense of crisis

capital. Mr Singh, who is also Minister for Defence, told parliament

# **FINANCIAL TIMES**

# COMPANIES & MARKETS

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#### INSIDE

#### Milk industry must change or curdle



Britain's Milk Marketing Board saga is beginning to resem-ble a stately quadrille; the only problem is the dancers seem unsure of the steps. The indus-try's cartel-like arrangements for fixing prices and profits seem set to stille

innovation and efficiency just when these are most needed. All the participants acknowledge the need for change, yet all appear to fear the consequences, reports Bridget Bloom. Page 38

#### Dresdner's spiritual home

Before the Second World War, Dresdner Bank was more active in what is now East Germany than in the West. Now, West Germany's second largest bank is looking forward to returning to its roots. Yesterday, it revealed plans to open 35 East German branches. Page 23

#### **Water-retentive interests**





The last thing UK investors in the recently privalised water companies want to hear is that their counterparts across the Channel are doing somewhat better out of their Inves ments. Political concerns have caused UK water company shares to sink, while French water companies are booming. Back Page

#### Mining potential of a merger

Mitsubishi Metal, Japan's largest smelting company, and Mitsubishi Mining and Cement, a leading building materials producer, yesterday announced plans to combine their activi-ties in one of Japan's biggest post-war industrial mergers. Page 25

#### Profits go bump in the night



In June last year, the bed and furniture maker Silentnight joined up with Lowndes Queensway, the furniture and carpet retailer, to delive beds direct to customers' homes. It seemed like a good idea, except that two months later, Lowndes' shares were suspended. Yesterday,

(left), Silentnight's chief executive, admitted it had lost "several millions" through the venture. The group announced a 33 per cent drop in pre-tax profits. Page 30

#### Market Statistics

Base lending rates Benchmark Govt bonds FT-A indices FT int bond service

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London tradit cotions Money merkets New int. bond issues World commodity prices World stock mkt indices LiK dividends announced

29 Karstadt

# Companies in this section

AEG	23	<ul> <li>Koito Manufacturing</li> </ul>
AT&T		Lawrence_(Walter)
Acec-Union Miniere		Le Creuset
Alexandra Workwear		Learjet
BFCE		Lloyde Chemists
SZW		MGM/UA
Blockleys		Markheath Securities
Bombardier -		Martin (Albert)
Boone Co	- 25	Mazda Motor
Boosey & Hawkes	32	Memorex Telex
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amford Engineering		Mitsubishi Mining
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# Hoylake set on BAT fight

SIR JAMES Goldsmith's Hoylake consortium said yesterday that it would continue the US regulatory battle resulting from its long struggle to take over BAT Industries, the tobacco-based conglomerate, despite receiving a serious setback in California.

The California Insurance Department ruled on Monday against Hoylake's application to take over BAT and sell its Los Angeles-based insurance subsidiary, Farmers Group, on to Axa Midi Assurances of France

Both Hoylake and Axa need approvals from nine separate state insurance departments. Hoylake cannot rebid for the tobacco-based conglomerate until these permissions have been obtained. Hoylake said that it was still

studying the decision from the Californian authorities, the first

Housing starts (thousands)

**UK construction industry** 

state regulators to rule on the matter. California announced on Monday that it was denying both the Hoylake and Axa applications
- largely because of the leverage
implicit in the Axa proposals and the lack of information on the Hoylake consortium and any new bid it might make.

However, Hoylake added: "We will aggressively continue our efforts in the regulatory process in the US."

The statement was toned down in London, although the substance did not change.
One of Sir James' long-time allies and a director of Hoylake, Madame Beaux, a French banker, was equally determined. "We are not giving up," she declared.

Although Sir James is out of the country at the moment, members of the Hoylake constitution are likely to meet over sortium are likely to meet over the next few days. The consortium promised

further statement shortly. Hoylake's reaction was in line with the initial response from Axa Midi Assurances. Mr Claude Bébéar, Axa's chairman who gave testimony in the Texas hearings yesterday, said emphatically: "We continue to

The first time BAT came for Farmers," he commented, "they had a 'no' in several states. It was later converted to a 'ves'.

was later converted to a 'yes'."

BAT claims that such comparisons are "completely misleading", and that — apart from one state — the objections were of a more technical nature.

Commenting on the Californian decision, the UK group said this was "not supprising" and "no doubt the surprising", and "no doubt the other eight states will reach similar conclusions."

Mr Bébéar noted that the Californian ruling had not criticised Axa's management, but

MMMMM

centred its objections on the financing structure.
"We have the money," Mr

Bébéar maintained. Axa, he suggested, would now try to restructure the deal. Mr Bébéar declined to be drawn on how this might be done, although he conceded that accelerated sales of non-insurance assets might be considered. He denied any plans to bring in an outside

partner.

Axa also played down suggestions that it would formally appeal the Californian decision through the law courts. preferring a representation of its proposals to the author-

Mr Bébéar added that he had spoken to Sir James following the ruling. Was the Anglo-French financier down-hearted? "He is never down-hearted," remarked the French chairman.

# **Swedish** Match in takeover discussions

By Robert Taylor in Stockholm

TWO big companies are interested in buying the lighter and match operations of Swedish Match - just four months after the company was sold by its former owner Stora, Europe's biggest pulp and paper producer.
Mr Massimo Rossi, president
and chief executive of Swedish Match, said yesterday that the outcome of current negotiations would be clear within three to four weeks.

It has been suggested that the deal could be worth about SKr2.5bn (\$410m). Mr Rossi refused to be drawn

any further on details of the proposed sale, or the identities of the companies involved.

the companies involved.

However, the probable acquisition of Swedish Match by a foreign company is bound to arouse concern in the Government and trade unions who fear that the company might lose its Swedish identity if it became part of an international conglomerate. international conglomerate.

Last year Stora agreed to sell its Swedish Match lighter and

match operations to a Swedish-dominated consortium, including SPP and Skandia insurance companies, while Gillette and J.P. Morgan Capital Corporation acquired mostly non-voting equity in the new company. Swedish Match believes that

the proposed sale will mean it will not be necessary to divest the non-European parts of its lighter and match business.

# Troubled British developer in talks with Hochtief

MR HOLM HEHNER, a director of Hochtief, the West German building firm which holds a 25 per cent stake in Rush & Tomp-kins, yesterday said he did not rule out increasing Hochtief's stake as part of an attempt to help the UK group out of its pres-ent difficulties. Rush & Tompkins, a commer-

cial developer and contractor, on Monday asked for its shares to be suspended on London's International Stock Exchange.

It said delays in selling developments had led to a substantial

increase in group borrowings. Rush & Tompkins warned that pre-tax profits had fallen sharply

last year.

The group asked for its shares to be suspended for 48 hours while it considered options to sta-bilise its financial position. Mr Hehner, who was at the

Rush & Tompkins headquarters in London, said: "We have to study what steps need to be taken. All the options are open."
Hochtief originally bought a 22.9 per cent stake in Rush & Tompkins in March 1989 from the Govett Strategic Investment Trust It subsequently converted preference shares taking its total

to 25 per cent. Lloyds Bank, the lead bank for Rush & Tompkins, said it had been holding talks with the com-pany yesterday "to see what we

It said Lloyds had been bankers to the company for a considerable time.

Mr Hehner said Hochtief had acquired its stake in Rush & Tompkins in an effort to increase its presence in the UK market and to benefit from the British building group's experience in property development.

Rush & Tompkins in return would benefit from Hochtief's

experience in civil engineering.

Hochtief is currently benefiting from the booming West German construction industry and is also poised to pick up large construction and environmental protec-tion orders in East Germany.

The company, which is 56 per cent owned by RWE, the diversified energy concern, reported a DM52.3m (\$32.7m) profit on turn-over of DM4.7bn in 1988-89.

The current year is expected to

show a sharp increase in both turnover and profit. Rush & Tompkins' last annual

accounts showed net borrowings of £20.96m (\$34m) representing almost 60 per cent of shareholders' funds of £35.11m at March 31 This, however, excluded off-bal-

ance sheet finance used to fund many of Rush & Tompkins' joint venture developments.

Such financing, in the form of non-recourse and limited recourse bank loans, totalled £89m at the end of March 1989.

# 3i and IBJ to launch venture capital group

By Stefan Wagstyl in Tokyo

THE BRITISH venture capital group, 3i, yesterday linked with Industrial Bank of Japan (BJ), the country's top long-term credit bank, to establish a venture capital company in Japan.

The new company, owned 40 per cent by 3i and 60 per cent by 3i and 60 per cent by IBJ and its affiliates, will offer venture capital services to smalland medium-sized Japanese com-

For 3i, the agreement signed yesterday is an extension of overseas activities which began in

The company brings to foreign markets, expertise in venture capital developed since 1945.

For IBJ, the joint venture is part of a plan to develop ties with small- and medium-sized businesses at a time when many large Japanese companies - its traditional customers - no lon-

ger rely on the bank for their financing needs. Japanese companies are already well-supplied with venture capital groups, including Jafco, a specialist subsidiary of Nomura Securities, the leading stockbroker. However, Mr Neil Cross, 3i's international director, said these companies were mainly interested in financing companies in the final years before they were publicly floated. 3i's expertise was in longer-term finance and longer-term relation-

Mr David Wilson, a 31 director who will be based in Tokyo, said: The culture of Japan is different but it is changing. I believe it's an opportune time to do this." The venture has an initial capi-

tal of Y480m (\$3m). It is called 3iBJ in English and Kogin [industrial bank] Investment in Japa-

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sion of specialised but separate departments we are organised to provide reinsurers with a fully integrated service which is both focused and multi-dimensional. If you think this approach

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# Behind the crumbling façade of UK building

Andrew Taylor on the industry's growing problems rise in group debt. Like other developers, the group has used off-balance sheet loans to finance a large number of commercial For Sale sign stands for for lovely outside a half-completed housing development in Essex; brick producers are closing kilns and sacking workers in East Anglia; British

The strain is not confined to Rush & Tompkins. Another sign of the times is the way in which concrete manufacturers say prices are softening - a euphe-mism favoured by an industry the rise in bad debts in the construction industry accelerated in the final three months of last year. According Mr Richard Robwhich finds it hard to get its tongue around words like price cuts, falling sales and recession. A large part of the British con-struction industry is clearly in erts, construction economist at Barclays Bank, they rose by 14 per cent last year and could rise by between 15 per cent and 20 per retreat. Company failures and bad debts have increased as high

interest rates have reduced demand for residential and comcent this year.
The County Natwest study mercial property. This has put a double squeeze on developers themselves overburdened with says: "We are in no doubt that the pressure is very real and that some companies are being severely squeezed to raise cash and reduce debt. Unfortunately the housing/property market has frozen, making it extremely difficult to generate cash internelly. The latest casualty is Rush & Tompkins, the UK commercial developer and contractor, which cult to generate cash internally. Much more worryingly, the sector appears to have been cash

on Monday asked London's Inter-national Stock Exchange to suspend its shares after they collapsed at one stage from 125p to 32p. The group said sharply rising interest rates had had a "severe adverse effect" on its borrowings. It warned that pre-tax profits had fallen steeply during the year to March and that it was reviewing options to stabilise its financial position. In common with many con-

struction companies, the group has moved away from its traditional contracting business into commercial and industrial devel-

Contracting is a low margin business but a good cash generator. Increasingly, companies have used proceeds from contracting mercial property development. A cash flow analysis by County

Natwest, the UK stockbroker, shows how the shape of the construction industry's finances has changed since 1980 as it has plunged into residential and commercial property development. According to the study, contracting companies - traditionally net generators of cash - accumulated a cash deficit of £1bn (\$1.64bm) in the five years to the end of 1988. At least half of this

figure arose in 1988 alone. In a buoyant property market, sales of such properties produce much higher margins than contracting. Problems arise when property sales dry up and compa-nies have insufficient cash to service their borrowings. Mr Nigel Dunnett, managing director of Rush & Tompkins, has

blamed delays in completing

too much must either sell assets or persuade shareholders to put up more cash. If property demand is falling, however, developers may find they cannot sell properties at high enough prices to repay borrowings.

Kentish Property, a publicly-

quoted east London residential developer, collapsed last summer when sales dried up at one of its Docklands developments. Halifax Building Society, which had lent £26m to finance the development, says it was forced to call in a receiver to the development when property prices fell. The number of failed residen-

negative in 1989, the very year it should have been cash positive."

UK Construction industry companies reporting yesterday.

were Taylor Woodrow, RMC, Walter Lawrence and Erith

Companies that have borrowed

tial and commercial developers has risen sharply. These have Declan Kelly, a large private housebuilder which collapsed in February;

J. M. Jones, a privately-owned

contractor and commercial devel-

oper operating mainly in the Thames Valley, which failed the same month: Brims Holdings, a privatelyowned contractor in north-east England, which went into receiv-

ership last month.

Large companies are also feeling the strain of exposure to house building or to development. Groups like Costain and John Laing, which 10 years ago earned between 75 per cent and 80 per cent of profits from con-tracting, have developed large housebuilding and property

John Laing in 1988 earned profits of £51m from housebuilding, which accounted for more than 70 per cent of group profits of £71.2m. Last year, housebuilding profits tumbled by 35 per cent to £33.3m, accounting for half of group profits of £63.9m. Costain, which is due to amounce its 1989 results today, is expected to show a big fall in

housing profits. These doubled to £25.8m in 1988 accounting for about a quarter of group trading profits. There is also speculation that Costain may write down the value of its land-bank, reflecting sharp falls in land prices in southern England. Winners and losers among con-

struction companies will be

decided as much by where their businesses are as by what they are. Inland Revenue figures show that development land prices in East Anglia fell by 28 per cent during the 12 months to the end of October; they fell by 19 per cent in inner London and by 16 per cent in south-east England generally. Prices in northern generally. Prices in northern England, however, rose by 43 per cent; by 57 per cent in north-west England and 36 per cent in Scotland. Developments outside southern England and East Ang-lia have been less badly affected by the rise in interest rates particularly in the north where house sales and prices rose until

the end of last year.

The outlook for the industry is not completely gloomy. Barclays' Mr Roberts says: "The recession is not as widespread as in the early 1980s when construction activity across the board was hit." Contracting, as distinct from property development. should remain strong for another nine months as the building cycle catches up with development schemes already committed or under way.

Those companies with civil engineering divisions should also do reasonably well if investments in roads and the newly-privatised water industry take place as

None the less, with interest rates expected to remain high until the end of the year, there are likely to be more casualties among the smaller developers that flourished in the good years,

#### Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aktiebolaget SKF will be held at SKF Kristinedal, Byfogdegatan 4, Göteborg, at 3.30 p.m. on Thursday April 26, 1990.

#### **Annual General Meeting**

- Ordinary general meeting business will be transacted in accordance with Swedish law and the Articles of
- Proposal of the Board of Directors to seek authorization according to chapter 5 § 9 of the Swedish Companies Act, that they be authorized, until the end of 1990, to decide upon a new issue of a debt instrument loan with a rights option to subscribe for new shares, which, with application of the subscription price at the time of decision, gives the right to subscribe for a maximum of 11,000,000 restricted and/or unrestricted B-shares. The issue shall involve the waiver of the preferential subscription rights of existing shareholders and refers to the payment for AB SKF's acquisition of all shares

The preferential subscription rights of existing shareholders are being waived for the following reasons: AB SKF has entered into an agreement to acquire all shares in IFINT-CR Inc. USA, which owns all shares in Chicago Rawhide Manufacturing Company, USA, (CR Industries). CR Industries is the leading manufacturer in the USA for seals sold to the automotive and machinery industries.

The issue of a debt instrument loan with a rights option to subscribe for new shares is one for AB SKF attractive way to finance the acquisition of

Proposal for a contribution of 20 million Swedish kronor towards a concert hall in Göteborg.

#### **Notice of Attendance**

For the right to participate in the meeting, shareholders must be recorded in the shareholder's register kept by the Securities Register Centre (VPC AB) by Thursday April 12 and must notify the Company before noon Monday April 23 of their intention to attend (Aktiebolaget SKE, S-415 50 Göteborg. Tel: +46-31-37 26 52), giving details of name, address, telephone and shareholding.

#### Payment of Dividends

The Board recommends that shareholders with holdings in the register records on May 2 are entitled to receive dividends for 1989. If this date is accepted by the Annual General Meeting it is expected that the Securities Register Centre will send out notices of payment to recorded shareholders and listed depositaries on May 9, 1990.

To facilitate payment of dividends, shareholders who have changed address are recommended to inform Vardepapperscentralen VPC AB, S-171 18 Soina, well

Proxy forms are available from: AB SKE, S-415 50 Göteborg, Sweden. Tel: +46-31-37 26 52 & 37 10 00. Göteborg, April 1990.

The Board of Directors

## U.S. \$250,000,000



# Republic of Indonesia

Floating Rate Notes Due 1993

87/8% per annum

Interest Period

11th April 1990 11th October 1990

Interest Amount per U.S. \$10,000 Note due

U.S. \$451.15

11th October 1990

Credit Suisse First Boston Limited Agent Bank

U.S. \$100,000,000



#### Takugin International (Asia) Limited

Guaranteed Floating Rate Notes due 1997 Guaranteed as to payment of principal and interest by The Hokkaido Takushoku Bank, Limited

In accordance with the provisions of the Notes, notice is hereby given, that for the six month Interest Period from April 11, 1990 to October 11, 1990 the Notes will carry an interest Pate of 8% per annum. The interest amount payable on the relevant interest payment date, October 11, 1990 will be U.S. \$451.15 for each Note of U.S. \$10,000 denomination and U.S. \$11,278.65 for each Note of U.S. \$250,000 denomination. U.S. \$250,000 denomination.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

April 11, 1990

CHASE

U.S. \$200,000,000



**Eni International Bank Limited** 

**Guaranteed Floating Rate Notes due 1991** Unconditionally and irrevocably Guaranteed as to payment of principal and interest by Ente Nazionale Idrocarburi

(A Public Carporation of the Republic of Italy)

Notice is hereby given, that for the three months interest Period from April 11, 1990 to July 11, 1990 the Notes will carry an Interest Rate of 83-% per annum. The interest payable on the relevant Interest payment date, July 11, 1990 will be U.S. \$211.70 per U.S. \$10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

April 11, 1990



#### INTERNATIONAL COMPANIES AND FINANCE

# International Paper falls 23% on weaker markets

By Karen Zagor in New York

INTERNATIONAL Paper, the big US manufacturer of pulp and paper products, yesterday reported a decline in first-quar-ter income as the company felt the impact of a slow-down in its paper markets after several years of solid growth.

Net earnings in the three months ended March 31 fell 23 per cent to \$180m from \$223m a year earlier. Earnings per share declined less dramatically, by 16 per cent to \$1.65 from \$1.96 in 1989, thanks to fewer shares outstanding in

the latest period.
Sales in the 1990 quarter advanced 23 per cent to \$3.2bn from \$2.6bn, with improvements registered in all of the

company's significant busi-

The decline in profits was no surprise on Wall Street, which had anticipated weaker paper markets. Shares in the com-pany advanced \$½ to \$52 yes-terday in quiet trading on the New York Stock Exchange.
The company, based in Purchase, New York, attributed

the decline to lower prices in its paper pulps and printing and writing papers businesses and to some disappointments in its manufacturing operations. Furthermore, International Paper was hit by a higher effective tax rate, of 40 per cent compared with 38 per cent a year earlier.

The most significant firstquarter price declines were for uncoated printing and writing papers, thanks to increased industry capacity, although sales volume remained at healthy levels. However, Mr John Georges, chairman and chief executive, said price increases effective April I indi-

cated an improved supply-de-mand balance. International Paper has been increasing its presence in Europe through the acquisition last year of the French paper company. Aussedat Bey, and more recently the German firm Zanders, which makes high-quality coated papers

# Interco reports further losses

By Roderick Oram in New York

INTERCO, the furniture and footwear group struggling under massive debts from a 1988 recapitalisation, has reported further large losses

for its fourth quarter. The results heightened speculation that the St. Louis-based company might have to sell one of the four core divisions it

The company has halved in size after selling assets to help pay some of its debt. Its troubles stem from a hostile \$74 a stem from a hostile \$74 a share takeover offer from the Rales brothers of Washington. To thwart it the company paid

shareholders in 1988 a \$76 a share dividend in a \$2.6bn recapitalisation devised by Wasserstein, Perella, the investment bank. Interco failed to raise as

much money as expected from its asset sales and has had to renegotiate terms with its bank creditors. Under the leadership of Mr Richard Loynd, who took over as chairman last August, the company is trying to stabilise its precarious financial position.

For its fiscal fourth quarter, it reported a net loss of \$23.3m or \$1.11 a share, against a net

loss of \$5.9m or 49 cents. Sales fell to \$380.3m from \$483.1m. It had a net loss from continuing operations of \$17.9m against a loss of \$42 lm a year earlier. Its net loss from discontinued operations was \$5.4m against a net profit of \$36.2m a year ear-lier. For the year the net loss from continuing operations was \$50.9m against a loss of \$4.3m a year earlier. Discontinued operations turned in a net profit of \$86.1m against a profit of \$74.4m. The final net profit was \$35.2m, against a profit of \$70.2m. Sales fell to \$1.66bn from \$2.01bn.

# Bombardier to acquire Learjet

By Roderick Oram

BOMBARDIER, the Canadian transportation equipment group, has agreed to buy Leartransportation equipment group, has agreed to buy Lear-jet, the pioneer maker of busi-ness jet, for \$75m and the assumption of \$38m of outstanding debt.

The purchase will further extend the aerospace interests of Bombardier which last year bought Short Brothers, the Northern Ireland aircraft and missile maker.

Mr André Bombardier, vice

By Martin Dickson in New York

TIME Warner, the media and entertainment group, has

agreed to arrange a \$650m hank loan to help Mr Giancarlo Parretti, the Italian financier who heads Pathé Communica-

tions, in his \$1.2bn proposed acquisition of MGM/UA, the film and television studio.

In return Time Warner

would provide worldwide distribution services for MGM/ UA and Pathe's film libraries.

The agreement is a boost to Mr Parretti in the funding of his cash tender offer for MGM/

liable to meet claims arising from the use of asbestos in products made by Owens-Illingis the Ohio based class con-

ois, the Ohio-based glass con-

tainer manufacturer, according

to a New Jersey court judg-ment, writes Martin Dickson.

Lawyers involved in the case said the claims could total

\$960m in property damage and

Interest Rate

Interest Period

9th July 1990

Interest Amount per

£10,000 Note due

and Bombardier's other aerospace activities.

Learjet is being sold by Inte-

Learjet is being sold by Integrated Resources, a financial services group which sought the protection of the bankruptcy courts in February. Integrated was closely linked with Drexel Burnham Lambert, the Wall Street firm which filed for bankruptcy protection on the same day.

UA, which is majority controlled by Mr Kirk Kerkorian, the California

casino and hotel owner. Wall Street has been scepti-

cal about Pathé's ability to

raise the necessary cash for the \$20 a share offer, but with

the Time Warner deal provid-ing half the total, MGM/UA shares leapt by \$1% on the New York Stock Exchange to

\$18% on the news. The offer closes on April 30.

A Pathé official was unable to give details of further fund-

pany, was \$620m. But some insurance company officials questioned these sums,

The ruling is a setback for

the insurance industry, although analysts said it set no

precedent for other liability

**Court rules on Owens-Illinois claims** 

INSURANCE companies are liable to meet claims arising from the use of ashestos in products made by Owens-Illin-

£100,000,000

Floating Rate Notes Due 1998

Credit Suisse First Boston Limited Agent Bank

ROYAL TRUSTCO LIMITED

Yen 12,000,000,000 Reverse Dual -

**Currency Debentures Due 1992** 

Notice is hereby given that the Rate of Interest has been fixed at

13.624% and that the interest payable on the relevant interest Payment Date July 9, 1990 against Coupon No. 10 in respect of Yen 10,000,000 nominal of the Notes will be NZ\$1,505.47.

April 11, 1990, Landon
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBAN(

**BRADFORD & BINGLEY** 

**BUILDING SOCIETY** 

9th April 1990 9th July 1990

£381.76

155/16% per annum

business aircraft. Bombardier entered the sector by buying Canadair from the Canadian Government in 1986.

Government in 1986.

Founded in the late 1950s by Mr Bill Lear, a leading US aircraft designer, Learjet delivered its first aircraft in 1964. The company was sold to Gates Rubber of Denver in 1969. and then to Integrated in 1987, the latter paying about \$87m.
The sale ends an uncertain

period for the Wichita, Kansas, chairman of the Montrealbased company, said neither
parties would comment on the
deal until it was approved by
the bankruptcy court in New

which will complement Bombardier's larger Challenger

tection on the same day.

company. It was profitable on
\$264m of sales last year during
which it delivered 25 aircraft.

It has a nine-month order backlog for its models.

It would also guarantee the

cases between asbestos manu-

facturers and insurers, since it

was made at the county court level.

if made in an appeal court.
The case involves claims

over insulating materials con-taining asbestos made by Owens-Illinois between 1948

Judgments are only binding

ahead.

borrowings.

#### Time Warner in Pathé loan deal Forex start-up costs hurt

Dow Jones

Pearson and

Elsevier

postpone

By Laura Raun

in Amsterdam

full merger

NO FULL merger will take place in the foreseeable future between Elsevier, the Dutch

publisher, and Pearson, the UK publishing, banking and

industrial group, according to Mr Pierre Vinken, Elsevier's

chairman. But Mr Vinken said yester-day that Elsevier and Pearson

may still agree on other forms of co-operation and noted that joint acquisitions and ventures are under consideration. Medical publishing, where Elsevier is the world leader, is one area where joint takeovers are possible he added

sible, he added. Pearson said last month that

it and Elsevier were consider-ing linking their medical pub-lishing operations worldwide and then dividing them into

advertising-supported and sponsorship-supported units. Elsevier and Pearson swapped shares in 1988 in a

strategic alliance described

then as an engagement that could lead to a marriage within seven years. Elsevier, which is the second largest publisher in The Netherlands, now owns 9.3 per cent of Pear-

son, which in turn owns 22.4

son, which in turn owns 22.4 per cent of Elsevier.

Last year Mr Vinken predicted that a decision over a merger would be made by the end of 1989. Yesterday he blamed the failure to consummate a marriage on legal, fiscal and technical difficulties. Equally important, Elsevier has become extremely expensive because of the appreciation of its share price and the depreciation of the British pound against the Dutch guilder.

Lord Blakenham, chairman

of Pearson, recently echoed his

or rearson, recently echoed his counterpart's sentiments.

Plans for jointly owned financial newspapers in various European countries, including The Netherlands, were "on the shelf," Mr Vinken added.

since the alliance was amounced in September 1988 only one joint project – a financial news telephone line

"still comfortable the deal can DOW JONES, publisher of the Wall Street Journal and pro-vider of business information be completed by the end of the month." Mr Parretti is under-stood to have held talks with services, has reported sharply potential European partners who might take a stake in MGM/UA. Time Warner said it would lower first-quarter profits due to losses from a start-up for-eign exchange trading system, either arrange for, or provide on a bridge basia, a \$650m loan to MGM/UA, provided Pathe's acquisition of the group went writes Roderick Oram.

Net income for the three months ended March 31 fell to \$24.9m or 25 cents a share from \$200m or \$1.89 a year earlier, which had included a \$164.1m gain from the sale of its investment in a cable sys-tem. Revenues increased to \$427.1m from \$406.8m.

Operating Income from information services fell to \$35.8m from \$54.6m on revenues 9 per cent higher at \$184.3m. The downturn reflected losses from The Trading Service, a foreign exchange system. Operating income from busi-

ness publications increased to \$26.2m from \$21.8m and revenues rose 3.5 per cent to

# **Memorex Telex extends** range with AT&T deal

chronous terminals product line for mainframe computers for an undisclosed sum, writes

Roderick Oram.
Although the worldwide market is large at about \$5.2bn a year, it is declining under competition from other technologies. International Business Machines and AT&T, for example, have stated a preference for personal computers which can emulate synchronous terminals rather than

using more expensive, pur-pose-built equipment.

None the less, Dataquest, the California electronics industry research firm, said the acquisi-

MEMOREX TELEX has tion will broaden Memorer Tel-acquired most of American ex's terminal product range Telephone & Telegraph's syn-and strengthen its market position as a distant second to TRM.

AT&T will continue to make the terminals for at least two-years under Memorex Telex's name and will sell-it certain sales, marketing and develop-ment operations to support the product line.
Memorex Telex was created

memorer Telex was created in 1988 by the merger of Telex, which was fending of a hostile takeover, and Memorer.

In the fiscal year ended March 1989 the privately held, merged company reported net profits of \$60.5m before minority interests and special items. ity interests and special items on sales of \$2.24bn.

The Hongkong and Shanghal Banking Corporation (incorporated in Hong Kong with limited liability) U.S.\$400.000.000 PRIMARY CAPITAL UNDATED FLOATING RATE NOTES (THIRD SERIES)



Notice is hereby given that the Rate of Interest has been fixed at 8,625% and that the interest payable on the relevant interest Payment Date July 11, 1990 in respect of \$5,000 nominal of the Notes will be \$709.07 and in respect of \$100.000 nominal of the Notes will be \$2,180.21.

April 11, 1990, London By: Ckilbank, N.A. (CSSI Dept.), Agent Bank

# **\\WARTSILA**

Oy Wartsila Ab's shareholders are notified that the Annual General Meeting of Shareholders will be held at 4.00 p.m.

Property.

on Monday, 7 May 1990, in Helsinki, in the Finlandia Congress Hall; address: Karamziniakatu 4. The General Meeting will handle maners stipulated in Article 16 of the Company Articles of Association. The financial statements 1989 will be available for inspection as of 27 April 1990 at 0y Wartsilä Ab, Corporate Management, John Stenbergs Strand 2, Helsinki, The Annual Report for 1989 will be available as of 12 April 1990 at 0y Wartsilä Ab, Corporate Management, Helsinki, and at the Wartsila Ab, Corporate Management, Helsinki, and at the Arabia Shop, Pohjoisesplanadi 25 B, Helsinki, and at Union Bank of Finland Ltd. London Branch; address: 46 Cannon Street, London ECAN 611. At request, copies of the aforesaid documents will be sent to shareholders by

Shareholders who wish to participate in the General Meeting must register no later than Thursday, 3 May 1990 at 4.00 p.m., either in person at Oy Wartsilk Ab, Corporate Management; John Stenbergs Strand 2. Helsinki, or in writing to Oy Wartsilk Ab, P.O. Box 230, SF-60001 Helsinki 10. Finland, or by telephone Helsinki 7895 338. In order to be entitled to use the shareholder's right to vote at the General Meeting by proxy, a power of attorney should be delivered to the Company before the end of the aforesaid.

Helsinki, 3 April 1990 Oy Wartsila Ab



# Den Danske Bank

U.S. \$40,000,000 Subordinated Floating

Rate Notes due 1990

In accordance with the provisions of the Notes. notice is hereby given that the rate of interest for the six months, 11th April, 1990 to 11th October, 1990 has been fixed at 813/16 percent per annum and that the coupon amount payable on coupon No. 16 will be U.S.\$11,199.22.



The Sumitomo Bank, Limited - Agent Bánk



In Singapore where else but the Shangri-La.



SHANGELLA PRINCENATIONAL: FRANCE (19\_0) 90 56 87 • GERMANY (0130) 6609 « LONDON (6)) SH 427 • ENTERENAME (40) 56 63 51 • SINCAPORE 777 5644

**ANNOUNCEMENTS** 

IAN H.A. ANGELL

has been appointed Finan-

cial Director of Matheson Securities Limited. Hhe was previously Financial

Director of Schroder Secu-

COMPANY

**NOTICES** 

US \$25 MILLION GUARANTEED FLOATING RATE MUTES 1990 SERIES 18\*

The inferest rate applicable to the above those in respect of the three months period commencing 11th April 1990 has been fixed at 84% per acroum. The interest amounting to US \$22.12 per US \$1.000 petroipal arount of the Notice will be paid on Wednesday 11th Jay 1990 against presentation of coupon No. 38.

BANK LEUMI TRUST CO OF NEW YORK

LEUMI ANTERNATIONAL PRVESTMENTS N.V.

rities Limited.

#### LEGAL NOTICE

RADWAY SAFE COMPANY LIMITED IN RECEIVERSHIP

NOTICE IS HEREBY CIVEN, germent to SEction 48 of the Invacivency Act. 1984, that a MEETING of the CREDITORS of the shore unned contant will be held at The Post House Hotel, Chylen Road, Newsmall Under Lybes, Stoffenshiw on Wednesday, 18 April 1990 at 18-30 -ten for the purpose of the log feld before it the report prepared by the Joset Administrative Resolvers in a consideracy with the seld Section and, if thought fit, appointing a Committee.

thought fit, appointing a Committee.

Greditors whose claims are wholly accord an and ending its append or wote at the meeting. Creditors who are partly accorded may only wote in respect of the balance of the amount, due to then either deducting the value of the scourity, as estimated by them. A creditor in respect of a debt dan on, or secured by, a bill of epokenge or prescisiony note mise treat the jability of any person who is lable on the bill amountedn't to the company as a security hald by him, (unless that other person is subject to a bunkruptoy order or in liquidation).

Creditors addition to make the committee of the contraction of the contra

Creditors wishing to work of the meeting mans, lodge a written statement of their cleans with us at Conk Golly 43 TempleRow. Burningham, E2 557 no horse than 12 noon on 17 April 1990. Forms of proxy which, if intended to be used, must also be lodged with us by that time.

DATED this 26 day of March 1990

# bank leumi אונדי 🕀 U.S. \$250,000,000

National Australia 🚜 Bank (incorporated with limited liability in the State of Victoria, Australia) Undated Subordinated Floating Rate Notes

Notice is hereby given that for the six months interest Period from Notice is nereby given that for the six months interest Period from April 11, 1890 to October 11, 1890 the Notes will carry an Interest Rate of 8.775% per annum. The interest payable on the relevant interest payment date. October 11, 1890 will be U.S. \$11,151,55 and U.S. \$446.06 respectively for Notes in denominations of U.S. San non-april 12, \$10,000. \$250,000 and U.S. \$10,000.

By: Trie Chase Marchettan Benk, N.A. London, Agent Bank



April 11, 1990

#### INTERNATIONAL COMPANIES AND FINANCE

# Minière up sharply to BFr11.8bn

By Tim Dickson

ACEC-UNION Minière, the Belgian non-ferrous metals business which is almost 90 per cent owned by Societé Générale de Belgique, reported yes-terday that its trading profits jumped from BFr4.6bn (\$131.4m) to BFr11.8bn in 1989. The company, which was brought more firmly under the control of La Générale after a major reshufile of assets last

year, cited three main factors for the improved performance. These were the high capacity utilisation in its factories (above 90 per cent), increases in the average price of metals and the impact of rationalisa-

tion measures.

Exceptional profits amounted to BFr7.13bn "reflecting the capital gains earned from the sale of property assets, some of which no longer fitted into the strategy of Acec-Union Minière."

Net consolidated profits of the company were put at

the company were put at BFr19.87bn for 1989 (against BFr1.27bn in 1988), a figure which is arrived at thanks to a tax credit of around BF1900m.
This came about parily from a change in the Belgian tax

laws last year, and partly from the significant tax losses built the significant tax losses built up by Acec, the once-proud Charleroi engineering and elec-tronics business which was dis-membered ahead of the merger with Union Minière. No forecast for Acec-Union Minière was given for 1990 but the company points out the

the company points out the zinc businesses are unlikely to enjoy a repeat of the high zinc

prices last year.
It plans a total net dividend for 1989 of BFr168 per share for shareholders with full rights

for the whole period.

Solvay, the Belgian chemical concern, and Connecticut-based Dexter will form an equally-owned US joint venture for the development man ture for the development, manufacture, and sale of polypro-pylene compounds used mainly in the automobile industry,

Reuter reports.

Solvay said certain facilities owned by Dexter in the US, and a new plant near Detroit to supply the automotive indus-try, would initially form the nucleus of the venture.

# Acec-Union Buoyant Dresdner Bank plans E German growth

DRESDNER Bank, the second largest bank in West Germany, yesterday announced a 17 per cent rise to DM1.9bn (\$1.1bn) in group partial operating profits for 1969 - these do not include profits on own-account trading and said it planned to open 35 branches in East Germany when the legal go-ahead had been obtained.

been obtained.

Mr Wolfgang Röller, the chief executive, expected official approval to be given very soon for foreign banking business in East Germany. Emphasising the bank's keenness to start full banking business there as soon as provible between them as soon as soon as provible between them as soon as soo

start full banking business there as soon as possible, he said activities in East Germany now had priority.

"Before the Second World War, the main part of our activities lay in what is now East Germany," he said. Thus it lost more of its business as a result of the war than most of its comnetitors which were its competitors which were more strongly established in the western part of the coun-try. Dresdner's ambitions in East Germany represented a



Wolfgang Röller: keen to refurn to the bank's roots

policy of "back to the roots," he said. Initially, the move into East Germany would cost around DM100m. Once the first 35 premises had been opened the size of the network would be

Hachette sells base for FFr2.8bn

The bank intended to offer the full range of its banking services to both private and industrial customers. Before the war, the bank had 162 branches in the area that now forms East Germany.
Once countries like Hun-

gary, Poland and Czechoslo-vakia followed East Germany's example and adopted the free market economy, Dresdner Bank would be present there in the same way it was active in the EC internal market. Mr Röller stressed that "the gaze towards eastern Europe should not distort the view of Europe as a whole."

Commenting on the bank's financial performance, he said "our expectation of goods results was more than ful-filled." This year had got off to "an excellent start," with a rise of 8 per cent in partial operat-ing profits in the first two

Full operating profits, which were some 20 per cent higher in 1989, rose at a faster rate

By George Graham in Paris

HACHETTE, the French book HACHETTE, the French book and magazine publishing group, has sold the Paris building that housed its newspaper distribution activities for FFr2.78bn (\$490.1m), after a two-round auction.

The buyer is Foncière des Champs Elysées, a property company controlled by Banque Indospez. Indospez last year

Indosuez Indosuez last year partnered the property devel-oper Kaufman and Broad in buying the former Shell build-ing on Rue de Berri for FFr2.75bn, selling it on a few months later to a Japanese consortium for FFribn more. The sale of the Nouvelles

The sale of the Nouvelles Messageries building on Rue Réaumur, close to the Paris Stock Exchange, is likely to be one of the largest French real estate transactions this year. The price of FFr2.76bn, FFribn higher than the minimum higher than the minimum higher than the Panguage. mum bid fixed by Banque Arjil, which handled the auction, sets a value of FFr69,000 per square metre on

the property, close to the levels

smarter 8th arrondissement. The building includes, how-ever, a sizeable area of basement, and some valuers suggest the price per square metre above ground of FFr83,000 represents an even higher valua-tion than that realised last

year for the headquarters of

the Pechiney aluminium group in the heart of the 8th arrondissement, sold for FFr2.76bn. Only the Avenue Montaigne, running off the Champs Ely-sées, and the small prestige buildings in the Rue de Pres-bourg and the Rue de Tilsitt, circling the Arc de Triomphe, can command significantly

higher valuations.
The 2nd and 9th arrondissements, around the stock exchange and the Opera, seem likely to change radically over the next few years. Officials are keen to move

the garment industry away from the narrow streets of the Sentier district to the outskirts of Paris. In addition, some of the

have their headquarters near the Boulevard Haussmann are planning to relocate, possibly to the new financial district which the Government is trying to promote in eastern Paris, close to the new Finance Ministry building at Bercy. This district has also been chosen by Nouvelles Messageries for its new headquarters, when it moves out of the rue

when it moves out of the rue Réaumur building. France-Soir, the Paris even-ing newspaper, has also chosen Bercy, while the influential Le Monde has sited its new print-ing plant a little further to the east in Ivry.

Separately, Hachette said it had made net profits of FFr469.3m last year, up 43 per cent from 1988. Excluding extraordinary items, profits stood at FFr330.5m, stagnant from 1988's FFr322.7m in line with the company's forecasts.

The company said the gain from the sale of the NMPP

building, net of taxes and com-

missions, would amount to

# **AEG** arm to become separate company

By Andrew Fisher

AEG, the West German electrical and electronics company, is changing its domestic appliances division into a separate shareholding company to enable it to react more quickly and flexibly to developments in the highly competitive world market for white goods. Mr Heinz Dürr, chief execu-

tive of AEG and a board member of Daimler-Benz, its parent group, stressed that the move did not mean the household goods operation would be sold. The brand name was impor-tant for the company's image and the division was profit-

Industry analysts said AEG's decision was mainly aimed at enabling it to enter quickly into partnerships or joint ventures with other white goods companies, if these arose. Among its main competitors are Bosch-Siemens, in which two leading West German concerns are linked, and Whirlpool-Philips,

the US-Dutch operation.

AEG, which makes a wide range of goods at both the light and heavy ends of the electrical and electronics industries, said to alliances were currently planned in the household sector, but that the company would keep financial and management control in

Since its rescue from near collapse in the early 1980s, the sale of the profitable house-hold goods division has often been mooted as a possible solution for AEG's shaky finances. But Mr Dürr has consistently stated that AEG, now back in profit, had no inten-tion of parting with this activity, which employs 12,000 peo-

ple.
Last year, AEG sold just over DM2.2bn (\$1.3bn) worth of household goods, including washing machines, cookers, and refrigerators, a rise of 9 per cent on 1988. Nearly half of this went for export, with strong performances in Spain, The Netherlands and Scandinavia. Power tools accounted avia. Power tools accounted for a further DM400m, also a 9 per cent rise. For 1990, AEG expects white goods and power tools to achieve turnover of some DM3bn.

# Dassault rises by 36% in spite of sales slowdown

By William Dawkins in Paris

AVIONS Marcel Dassault-Breguet Aviation, France's famous maker of jet fighters, yesterday unveiled a 36 per cent rise in profits for last year, and announced that it is to shorten its name. Consolidated net profits of

the group, to change its name to Dassault Aviation, rose to FFr582.5m (\$102.55m), from FFr427.7m in 1988.

Group sales, however, rose by 4 per cent from FFr18.8bn in 1988 to FFr19.5bn last year, providing further evidence of the slowdown in French defence procurement, on which Dassault is heavily dependent.
The name change will be for-

malised at the annual share-holders' meeting on June 19. The parent company's net earnings nearly doubled from FFr146m to FFr295m, which Dassault attributes to the first fruits of its efforts to improve productivity. Last month's clo-

KARSTADT, West Germany's largest retailer, is interested in entering a co-operation agree-

ment with a large East German

chain of retail stores, the chair-man of the company con-

firmed, AP-DJ reports.

In contrast to published reports, it has not yet completed an agreement, Mr Wal-

ter Deuss said in a telephone

interview. He said a report that

Karstadt was going to enter a

co-operation agreement with 12

of the 14 stores in the East

German Centrum-Warenhaus group was "premature."

"We're still engaged in

talks. We're interested in

co-operation, but how that will be constructed and in what

form it will be, still must be

cleared up."
The article in a West German magazine had said that

Karstadt was going to have a

bring productivity gains to this

Parent company sales were roughly unchanged at FFri7.4bn. Exports accounted for 63 per cent of the parent company's turnover, while mil-itary sales represented 78 per cent of the total, with the remaining 22 per cent devoted to civil aircraft and space

equipment sales.
Mr Serge Dassault, the chairman, said the main points of 1989 were the French Govern-ment's decision to continue the development of the Rafale jet fighter (crucial to the group's future), good sales of the Falcon range of business jets and the expansion of the group's

space activities.

Dassault received FFr16.5bn of orders last year, of which 28 per cent was in civil aircraft and space equipment, with the remainder in military sales. still the dominant part of the group's business. This comsure of its factory at Colomiers pares with the FFr15.9bn of in Toulouse will continue to orders received in 1988.

of the 14 Centrum stores, but that rival Hertie of Frankfurt

was going to buy a stake in Centrum's two Berlin stores. But Mr Deuss said Karstadt

was interested in a co-opera-

tion agreement with all 14 Centrum stores, including the two

large outlets in Berlin. Cen-

trum is based in Leipzig.

More than a third of Centrum's 1989 sales of 3.8bn East

German Marks derived from

two stores in Berlin. The Alex-

anderplatz shop in the heart of East Berlin had sales of 560m

marks and the store near the main train station had sales of

be reached for comment. Her-tie was previously based in

Berlin and has its flagship

successful, could gain a consid-

Analysts said Karstadt, if

store there.

Officials for Hertie could not

Karstadt in talks on pact

with Centrum-Warenhaus

The group said it was too early to say when it would raise its stake in Nixdorf, as accountants now had to determine the value of Nixdorf. After the evaluation, Siemens would decide how large a stake it and Nixdorf would have in Siemens-Nixdorf Informationssyteme, the new joint

■ Philips had a rise in sales in first quarter of 1990 in line with company hopes, Mr Cor van der Klugt, chairman, told the annual shareholders' meet-

NEWS IN BRIEF

Siemens has

go-ahead in

Nixdorf bid

THE Federal Cartel Office has

approved without any condi-

tions Siemens's application to acquire 51 per cent of Nixdorf Computer, Agencies report. Siemens said last month it

was confident the cartel office

would approve the takeover.

ing. He gave no details. He added that the restructuring effort that Philips embarked on three years ago had largely achieved the results desired and the com-pany would now enter a consolidation phase.

m Volvo, the Swedish vehicle group, said it would propose Raymond Lévy, chief executive officer of Renault, the French car manufacturer, as a new board member.

Volvo, which announced a cross-shareholding pact with Renault in February, said it would also propose Mr Christer Zetterberg, its new managing director, as a board member at the group's annual general meeting on April 25 in Gothen-

burg. Mr Gunnar L. Johansson, Volvo's former managing direc-tor, has announced his resignation from the board.

**E Sony** said it would invest FFr300m (\$52.8m) in the construction of a new plant in south-west France to manufacture components for its European factories.

The plant, in Bayonne, is due to start producing optical pick-up devices for compact disc players and printed circuit

boards in June 1991.

The group already produces hi-fi and video products at three plants in France, and a new magnetic tape plant is under construction near Bay-

# **Investment AB Cardo**

previously reserved to the major commercial banks which

has acquired

WABCO Westinghouse S.p.A.

WABCO Westinghouse Equipements Ferroviaires S.A.

American Standard Inc.

The undersigned acted as financial advisor to Investment AB Cardo in this transaction.

Dillon, Read & Co. Inc.

April 11, 1990

# **Westinghouse Air Brake Company**

a corporation organized by

**Investment AB Cardo** Vestar Capital Partners, Inc. together with a

Management Group has acquired the North American Operations of the

Railway Products Group

American Standard Inc.

The undersigned acted as financial advisor to Investment AB Cardo and served as placement agent for the financing of Westinghouse Air Brake Company in this transaction.

Dillon, Read & Co. Inc.

April 11, 1990

# Saudi American Bank



UNAUDITED AS OF MARCH 31, 1990

	March 31	March 31
	1990	1989
Į.	SR '000	SR '000
Assets		
Cash and due from Banks	13,454,502	11,983,393
Loans and Advances (net)	6,259,066	5,960,905
Other Assets	6,593,500	5,568,143
1		
Total Assets	26,307,068	23,512,441
į	<del></del>	
Tichilities and Chauchaldous Turnda		
Liabilities and Shareholders' Funds	50 CE4 CCC	17070 465
Customer Deposits	20,651,686	17,970,465
Due to Banks and other Liabilities	3,603,716	3,817,290
Shareholders' Funds	2,051,666	1,724,686
Total Liabilities and Shareholders' Funds	26,307,068	23,512,441
		=======================================
Contra Accounts	23,407,392	26,713,480
j		<del></del>
Statement of Familian		
Statement of Earnings	000 505	201100
Operating Revenue	228,525	204,190
Less: Operating Expenses	(87,606)	(85,732)
Total Operating Income	140,919	118,458
Transfer to Reserves	(19,006)	(27,827)
Net Income for the quarter ended		
March 31, 1990.	121,913	90,631

For further information, please contact:

Head office: The Corporate Secretary, Saudi American Bank, P.O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia. Telephone (01) 477 4770.

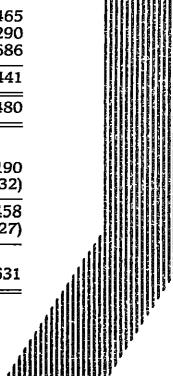
London branch: The Manager, Saudi American Bank, Nightingale House, 65 Curzon Street, London W1Y 7PE. U.K.

Istanbul branch: The Manager, Saudi American Bank, P.O. Box 49, Levant,

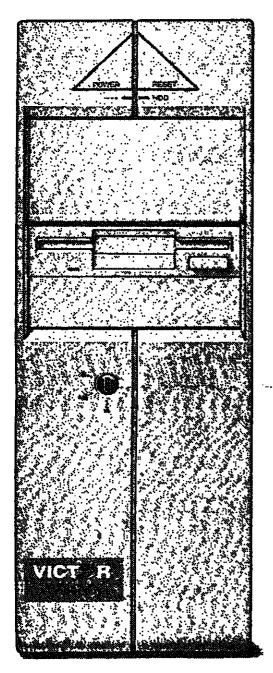
Geneva office: The Manager, Samba Finance S.A., 16 Rue de la Pelisserie 1204 Geneva, Switzerland.

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## INTERNATIONAL COMPANIES AND FINANCE

# Ringing up a record \$3bn sell-off

Canute James on the sale of the Puerto Rico Telephone Company

lthough it carries a relatively high price tag of \$3bn, bidders are already lining up to purchase the Puerto Rico Telephone Company, which the island's Government is selling in what will be the largest privatisation

in US history.

According to Puerto Rican officials, the list of about 20 interested purchasers is headed by BellSouth Corporation, GTE and the Spanish

Telephone Company.

The sale, at the price the island's administration is asking, would be a new US record, higher than the \$1.65bn paid in the divestment of Conrail in

The Government of the US Caribbean possession should have little difficulty in con-cluding arrangements for the sale. There is widespread support for the divestment from the island's business sector, which believes a privately owned telephone company will provide better service.

There is also support for the

Government from some opposition legislators on the island. The planned sale of the company by the administration of Mr Rafael Hernandez Colon, Puerto Rico's governor, is not motivated by new thinking on the role of the Government in the economy. It was Mr Hernandez Colon, in an earlier term, who was behind the Gov-ernment's acquisition of the telephone company in 1974

from ITT for \$165m. The governor says the company is being divested because his administration needs the money. He said \$2bn from the divestment will be used for two trust funds, the proceeds from which will be used to finance infrastructural development and public education on the island of 3.3m people.

The sale of the telephone company is being handled by the Government Development Bank of Puerto Rico, with advice from Goldman Sachs, a New York investment firm. Mr Ramon Cantero Frau, president of the bank, said the \$3bn which is being asked will pro-vide the funds for the trusts, while covering the telephone company's outstanding debts of \$950m, brokers' charges and

legal fees.
The price being asked based on the potential of the company. It is the 14th largest telephone company in the US,

according to Mr Fablo Garcia Matienzo, the firm's president. He said the company has annually for the past five years. Its assets at the end of December were put at \$1.57bn, while operating revenues last year were \$591.6m.

Assessments of the company's real value are based on several factors. We cannot visualise the

proposed sale in terms of our island market alone, because we are part of an active world industry," Mr Garcia said. industry," Mr Garcia said.
"Puerto Rico could become a
telecommunications hub for the Caribbean and Latin

target of \$2bn cannot be realised from the sale, the company will remain government

property.

The company's potential value is aided by the fact that it has a monopoly on telephone services on the island. There is also room for a significant expansion in basic services. Puerto Rico's telephone system has 28 access lines per 100 peo-ple, against a US average of 41

The company's value is enhanced by the profitable operations of two subsidiaries which handle long-distance facilities and cellular phones.



San Juan, capital of the US Caribbean territory of Puerto Rico

Mr Cantero Frau argued that the market value of the company was considerably higher than its book value. He contended that similar telephone companies in other countries have been sold for between two times and five times their book

Government officials have said, however, that if the net

munity is behind the Government's plan to divest the com-pany, potential purchasers may be concerned that the island's trade unions have objected strongly. Sixty unions, representing about 100,000 workers, called a gen-eral strike late last month to protest against the divestment. The unions are threatening to sue the Government if legisla-

tors approve the divestment. We cannot see any way that the telephone company can be sold that will not adversely affect the working class and the general public," said Mr Federico Torres Montalvo, a representative of the Labour Organisations Committee. "We will fight at every court possi-

Reacting to the Govern-ment's undertaking that the purchasers of the telephone company will guarantee job security for the first three years, Mr Torres said: "Add all lebour guarantees and went in labour guarantees you want in a privatisation bill, it still means nothing. Federal courts will never uphold those guar-antees under federal labour

Clearly anticipating that these objections will not delay the divestment, the island's administration is planning to table legislation shortly to cre-ate a regulatory agency to gov-ern the operations of telephone and telecommunications ser-

r Cantere Fran said that once Puerto Rican legislators approve the sale a buyer will be selected from the list of interested companies, in the hope of concluding the transac-tion some time next year, after approval for the transfer of operating permits is given by the Federal Communications

The Government has already closed the door on one method which potential purchasers may have considered using to finance the divestment. They will be barred from using lowinterest loans from deposits made in Puerto Rican banks by companies operating in the island, and which benefit from

tax exemptions granted under the US Revenue Code. "Allowing a buyer to use these funds would be like shooting ourselves in the foot," contended Mr Cantero Frau. We have about \$8bm in these funds on the island. If a buyer

borrowed \$2bn or so, it would strain liquidity and send interest rates through the roof."

The Government also decided at the outset that it would be better to sell the telephone company to a private firm rather than through a share issue, arguing that the return was likely to be much less than the \$3bn target.

# |Finnish banking on the verge of dramatic shake-up

Enrique Tessieri looks at growing pressures to be more profitable

ike their counterparts in Denmark, Norway and Sweden, Finnish banks are on the verge of banks are on the verge of experiencing one of the higgest upheavals in their history. The shake-up would mean closing down hundreds of branch offices and laying off thousands of people. Mr Björn Wahlroos, 2 director of Union Bank of Finland (UBF), one of Finland's two largest banks, said banks would be up for sale in the next two to three years. As in the other Scandina-

As in the other Scandina-vian countries the biggest catalyst of change is the Euro-pean Community's plans to ensure the free movement of

capital by 1993.

The protected days of Finnish banking are coming to an abrupt end, forcing banks to become more profitable and cost-conscious in the face of

stiffening competition.

The job of slashing over-heads will be difficult considering how over-banked Fin-land is. At the end of 1989, there were 550 commercial, savings and co-operative banks with a total of 3,499 branch offices to serve a small

population of 4.9m.
To add to the problems. credit losses incurred by all Finnish banks surged from FM900m (\$225m) in 1988 to FM1.65bn in 1989. High interest rates which rose to 16 per cent last autumn cost com cial banks alone FM34bu, or 48 per cent higher than in 1988. Another factor that has put strains on banks were new

cash-reserve requirements by the Bank of Finland to halt excessive lending. These requirements rose from FM20bn to FM25.5bn last year. Mr Jaakko Lasalla, president of Kansallis-Osake-Pankki

(KOP), one of Finland's two largest banks, does not exclude the possibility of a dramatic shake up. He stressed, however, that there will not be a rash of bank mergers like in the other Nordic countries since the by two banks: KOP and UBF.

Mr Akti Hirvenen, president of UBF, acknowledged that Finnish banks would have to close down hundreds of branch offices as well as leave thou-sands of bank employees without work to bring costs down. Although Mr Hirvonen would not elaborate, an analyst felt that the number of unemployed could reach 10,600 and that over 500 branch offices would have to be closed down. Some believe

that these changes will happen after the parliamentary elec-tions of March 1991.

The presidents of KOP and UBF felt that the changes shead would not put any great strains on Finland's two largest banks. Mr Lassila said it may be another story for the smaller savings and co-operative banks, which will m likely he forced to merge and

At the end of 1989, there were 178 savings banks with 1,318 branch offices and 360 co-operative banks with 1,206 offices.

The banking scene got a jolt last week when an extensive cost-cutting programme by state-owned Postipankki was leaked to the press. In an effort to siash costs, the report revealed that Postipankki plans to pull out from 1,900 post offices. The bank has 101 branch offices but offers its banking services at some 2,900

post offices. Since Postipankki's 1989 financial result was one of the sector's worst, a high-ranking bank official felt that Postipank official feit that Posti-pankki may be one of the first large commercial banks to suc-cumb to the shake-up, even if there is at present a law which forbids the bank from being

merged.
"Our higgest challenge is how to stay profitable and competitive in the face of intreasing competition," said Mr Seppo Lindblom, president of Postipankki. "By Finnish standards we are a big bank with a 15 per cent slice of the market, but a small bank

#### **LEGAL NOTICES**

# REQUEST FOR PROPOSALS!

THE PORT AUTHORITY OF MY & MU)

**DEVELOPMENT OF RESIDENTIAL BUILDINGS ON TWO PARCELS IN HOBOKEN, NEW JERSEY** 

> THE WATERFRONT AT HOBOKEN PARCELS 7 & 8

THE WATERFRONT AT HOBOKEN is a joint project of The Port Authority of New York and New Jersey and The City of Hoboken to redevelop a portion of the City's southern waterfront for mixed use purposes. The site is owned by the City and leased to the Port Authority which is seeking to enter into long term ground subleases with developers for individual parcels within the site. All construction will be consistent with The City of Hoboken's approved Recognitions. Redevelopment Plan and Design Guidelines.

The Port Authority is pleased to make the first Request for Proposals (RFP) for the residential development of parcels 7 & 8 at the northern end of the development site now known as THE WATERFRONT AT HOBOKEN. The parcels overlook the Hudson River and the Manhattan skyline. Parcels 7 & 8 are bounded by the existent River Street on the West, the future Marina Drive on the East, Fourth Street to the North and Third Street to the South. Parcels 7 & 8 consist of approximately 45,580 square feet and 43,000 square feet of open area respectively. Developers are invited to submit proposals for the development of market rate residential buildings containing cooperative, condominium or horizontal property regime units on one or both sites. Each building will contain approximately 250,000 s.f. of gross floor area, exclusive of

The RFP is available by mail or in person from the Port Authority. Proposals must be submitted by 3:00 p.m., August 9, 1990. All communications regarding the RFP should be directed to:

THE WATERFRONT AT HOBOKEN

Attention: Long Mayer

Attention: Long Mayer

The Port Authority of New York & New Jersey

Five Marine View Pizza - Room 112

Hoboken, New Jersey 07030 Telephone: (201) 963-7836 FAX: (201) 420-0467

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#### **FLANDERS**

The Financial Times proposes to publish this survey on:

8th May 1990

For a full editorial synopsis and advertisement details, please contact:

Ruth Pincombe at Financial Times (Benelux) Rue Ducale 39 B-1000 Brussels Tel: (02) 5132816 Telex: 64219

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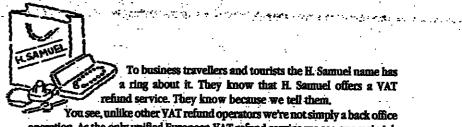
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**FINANCIAL TIMES** 

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INTERNATIONAL SATELLITE BROADCASTING

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18th May 1990 For a full editorial synopsis and advertisement details, piesse or

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Southwark Bridge London SE1 9HL

FINANCIAL TIMES

#### INTERNATIONAL COMPANIES AND FINANCE

# Two leading Mitsubishi companies to merge

By Stefan Wagstyl in Tokyo

inking

Shake

MITSUBISHI METÁL, Japan's largest smelting company, and Mitsubishi Mining and Cement, a leading building materials producer, yesterday announced plans to combine their activities. The move is one of Japan's biggest post-war industrial mergers.

The deal is a sign of the willingness of Japanese compa-nies, encouraged by the Minis-try of International Trade and Industry, to consolidate in mature industries.

Both non-ferrous metal and cement producers are likely to face increasing competition from imports from Asian countries in the coming years. Cement companies are particu-larly concerned about competi-tion from South Korea, where producers are expanding out-

Pickens appeals

BOONE CO, an investment company owned by Mr T. Boone Pickens, the US inves-

tor, yesterday called on Japan's Fair Trade Commis-sion to investigate possible vio-

lations of the country's anti-

monopoly laws by domestic automakers and parts suppli-ers, AP-DJ reports from Tokyo. Mr Yoshiro Sekine, a com-mission official, said the com-

mission would study Boone's claims. Mr Pickens has been seeking greater participation

in the management of Koito

Manufacturing, a Japanese auto parts maker, after becom-

ing its largest single share-holder in March 1989. Mr Sekine said Boone

claimed that Japan's 11 auto-

makers put unfair pressure on parts suppliers to lower the prices of their products. Boone also claimed that the automak-

ers' close relations with parts

makers limit free competition

among the parts suppliers and

hindered entry by ouiside com-panies, especially foreign mak-ers, into the Japanese market.

Koito's second largest share-holder is Toyota Motor.

to Japan's fair

trade officials

put rapidly. The new group, provisionally named Mitsubishi Metal Cement, will have annual sales of Y900bn (\$5.7bn), pre-tax profits of Y40bn, assets of Y880bn and 9,000 employees. The companies' stock will be merged in the ratio of nine Mitsubishi Metal shares for every 10 Mitsubishi Mining.

subishi Mining. Mr. Takeshi Nagano, president of Mitsubishi Metal, will be chairman of the new company. The president will be Mr. Masaya Fujimura, president of Mitsubishi Mining. It will start operating on December 1.

The merger is the result of two years of discussions between the groups, which have been reviewing their strategies after separately clos-ing their original businesses in

By Stefan Wagstyl

NISSAN MOTOR, the Japanese automotive group, has dispatched a senior executive to take charge of Fuji Heavy Industries, its Subaru car making affiliate which has run into financial difficulties.

Mr Isamu Kawai, president

of Nissan Diesel Motor,

of Nissan Diesel Motor, another Nissan group member, yesterday took over as president of Fuji Heavy from Mr Toshihiro Tajima, who insisted as recently as last month that he would stay in charge of Fuji Heavy and lead its recovery.

The shake-up indicates that the problems at Fuji Heavy

the problems at Fuji Heavy may be more serious than pre-viously thought. The company

indicated last year it would make an operating loss of some Y3bn (\$19m) for the year which

ended in March. Last month it

was forced to raise the esti-mated loss to Y23bn.

was seeking support from Nis-san Motor and from Industrial

Bank of Japan (IBJ), its main bank. But Mr Tajima said he

Fuji revealed in January it

metal and coal mining in

Japan. Mitsubishi Metal was one of Japan's largest producers of non-ferrous metal ores and Mitsubishi Mining was the country's largest coal mining company, with extensive operations in Hokkaido, in northern Japan.

The closures were spread over a decade to alleviate the disruption caused to mining communities. This was in line with Japanese government pol-icy and business practice. The closure of Mitsubishi Mining's last coal mine this winter paved the way for yesterday's announcement.

Relations between the two groups are close because of a common history and common membership of the Mitsubishi

Nissan replaces president of

troubled Fuji Heavy Industries

wanted co-operation without undermining Fuji's indepen-dence. Mr Tajima will now move to the largely honorary position of chairman.

The moves highlight a need for restructuring and co-operation among Japanese vehicle makers. The 11 companies

making cars and trucks have fought off attempts by the Min-

istry of International Trade

and Industry to encourage out-right mergers, while at the

same time resorting more to

facturers, Fuji Heavy has struggled to keep pace with large manufacturers. It has tried to operate in various niche markets — including minicars with engines of up to

550cc and four-wheel drive

A boom in minicar sales in

the mid-1980s ended abruptly last year. Fuji Heavy has suf-

fered particularly badly because it is number three in

the market behind Daihatsu

co-operation agreements. Like some other small manu-

family, the largest of Japan's industrial groupings. Until 1950 the two companies were divi-sions of Mitsubishi Mining. The companies said they had the same assessment of the future challenges they faced. They said they could increase their financial

strength by combining the volatile profits to be made from non-ferrous metals with the more stable returns to be earned from cement. They also intend to co-operate in new product development - matching Mitsubishi Metal's knowledge of metals, including metallurgical powders, with Mitsubishi Mining's skills in

Both companies have been actively diversifying in recent years, including supplying new

and Suzuki Motor. Exports to the US of Subaru brand

four-wheel drive vehicles and

of the Legacy, a sporty com-pact, have also declined.

Fuji Heavy's operating profits have fallen from Y11.2bn in the year to March 1987 to

Y2.7bn last year on sales of

Y663bn. This drop is not appar-

ent at the pre-tax level, where

profits have been bolstered by income from investments. Pre-

tax profits last year were

Nissan has a 4.5 per cent stake in Fuji Heavy and IBJ,

the main banker to the whole

Nissan group, has 4.2 per cent. Nissan Motor was one of the

biggest components of the pre-

war Nissan zaibatsu, or indus-trial grouping, which also included forerunners of Fuji

Heavy. The zaibatsu was bro-

ken up after the war, but its constituent companies have

stayed in touch.

materials to the electronics industry. Mitsubishi Metal has some 12 per cent of its turn-over in new materials, 10 per cent in aluminium cans, and 21 per cent in processed products, including nuclear fuel. Its core business is the smelting of cop-per and other metals from imported ores.

Sales in the year to March 1989 were Y718.5bn. Pre-tax profits were Y20.1bn. Mitsubishi Mining and

Cement diversified into cement from coal mining. Cement now accounts for about half its sales, with the rest divided between distributing petroleum products, making build-ing materials, and new prod-ucts. Its sales in the year to March 1989 were Y188bn and pre-tax profits Y14.6bn.

#### Mazda confirms rental venture with Hertz

MAZDA MOTOR, a big Japanese automaker, confirmed yesterday that it is to establish a car rental and leas-ing venture in Japan with Hertz of the US, the world leader in the business, Kyodo reports from Tokyo.

Mazda will put up 90 per cent of the capital for the new company, which will be named Hertz Japan, while Hertz will furnish the rest, Mazda officials said.

Mazda then plans to transfer 40 per cent of its capital to other companies, including non-life insurers and travel

Mazda, which plans to begin operations in August, hopes to have 250 outlets and 10,000 vehicles by the end of 1993, the officials said. The new venture will oper

ate as a nationwide franchise that will use Hertz's international network and allow its customers to make reserva-tions and payments from its domestic outlets. The venture's fleet will include Mazda cars and other

Nissan said it would co-operate fully with Fuji Heavy if it were asked for help. Japanese and foreign makes. SHEARSON LEHMAN **HUTTON HOLDINGS** 

US\$300,000,000 Floating rate notes due October 1996

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BRITISH NUCLEAR FORUM.

# Rural sales aid Hindustan Lever's 21% profit surge

By R. C. Murthy in Bombay

SALES AND profits of Hindustan Lever, India's third argest private sector company in terms of turnover, rose strongly last year on the back of a breakthrough achieved in

rural marketing. Profits before tax rose 21.4 per cent to RsL02bn (\$60m) on a 22 per cent growth in sales to

Profits after tax were Rs590m against Rs510m. Rural sales of Hindustan Lever, a subsidiary of the Anglo-Dutch Unilever, grew more swiftly than the more mature urban markets, a trend which the company expects to accelerate further this year because of the emphasis in the Indian Government's budget on rural development.

Dr A. S. Ganguly, chairman, says Hindustan Lever has

developed a cost effective mar-keting network for 34,000 vil-lages, in addition to the 3,500 urban centres it already cov-

Dr Ganguly, who has been appointed Unilever director for research, will be succeeded by Mr S. M. Datta, at present vice chairman, after the annual

meeting on May 18. Hindustan Lever makes soaps, detergents and personal products. In-house research has led to the use of unconventional raw materials. In recognition of this, Unilever was allowed to hold 51 per cent of the equity against the usual foreign ownership ceiling of 40 per cent for consumer compa-

The annual dividend is being lifted to 35 per cent from 32 per

#### Hopewell profit up 2 per cent to HK\$298m

HOPEWELL HOLDINGS, a Hope well Holdings, a
Hong Kong property and construction group, advanced
after-tax profit by 2 per cent to
HK\$298m (US\$38.2m) in the
half-year to December, AP-DJ
reports from Hong Kong.
Turnover, increased 9 per
cent to HK\$727m. The interim
dividend is 11 cents a share, up

dividend is 11 cents a share, up from 10 cents. Mr James Wn. chairman

said investment properties provided an increased flow of rental income. Income from the company's hotel in Canton held at the previous year's level, despite a decline in tour-ism to China, and was expected to show reasonable growth. Financing of the Canton-Shenzhen-Zhuhai highway, which ran into trouble after the shootings in Tiananmen

Square, was being actively

March 2, 1990

Vipont Pharmaceutical, Inc.

has been acquired by

Colgate-Palmolive Company

We initiated this transaction, assisted in the negotiations and acted as financial advisor to Vipont Pharmaceutical, Inc.

PaineWebber Incorporated

BANK OF NEW ZEALAND

NZ\$150,000,000 Floating rate notes 1992

For the three months 10 April 1990 to 10 July 1990 the notes will carry an interest rate of 13.22591% per annum.
Interest payable on the relevant interest payment date 10 July 1990 will amount to NZ\$32,974.19 per NZ\$1,000,000 note and NZ\$164,870.93 per NZ\$5,000,000 note .

Agent: Morgan Guaranty Trust Company

**JPMorgan** 

BRITANNIA BUILDING SOCIETY

£150,000,000
Floating Rate Notes Due 1993
(comprising fir5,000,000 Floating Rate Notes
day 1993 issued on 8th November, 1985 and
a further CS,000,000 Floating Rate Notes
due 1993 issued on 8th July, 1986 and a
further CS,000,000 Floating Rate Notes due
to the compression of the Autor. 1988

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month Interest Period from (and including) 10th April, 1990 to (but excluding) 10th July, 1990, the Notes will carry a rate of interest of 15% per cont. per apnum. The relevant Interest Payment Date will be 10th July, 1990. The Coupon Amount per £10,000 will be £383.32, payable against surrender of Coupon No. 18.

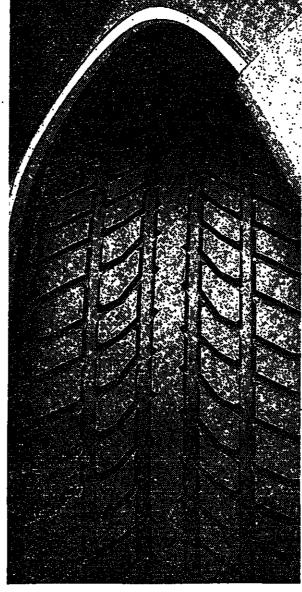
# Solid achievements again in 1989.

Continental, the world's 4th largest tiremaker and a leading supplier of rubber products, turned in a stronger performance in 1989 than had been forecast a year earlier. Despite an international decline in tire prices and a two-month work stoppage at General Tire in the U.S., the Group nevertheless lifted both sales and earnings.

Worldwide Group sales rose 6% to DM 8.4 billion. Group earnings were slightly above the previous year's record level of DM 195 million. However, by applying internationally accepted methods of depreciation, the profit increased substantially.

Contributing materially to the year's results were the increased earnings of ContiTech (the industrial products division).

in 1989 as well as 1990, the Corporation has continued its strategy of strengthening its worldwide market position



through partnerships and acqui-

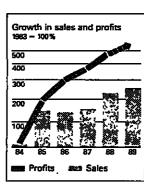
To expand its European tire production, Continental formed a joint venture with the Portuguese tiremaker Mabor S.A. which will supply the Iberian peninsula. Last year also featured the start of construction of the new U.S. truck-tire plant which Continental has undertaken with two Japanese partners.

To increase its distribution network in the U.K., Continental entered into an agreement to acquire Britain's second-largest tire distributor, National Tyre Service Ltd., which has more than 400 locations in the U.K. In West Germany, Scotland, Canada, and the U.S., the Group acquired majority and minority stakes in several firms and trading companies.

Contilech as well continued expansion of its international operations by making acquisitions in Spain and Turkey.

investments were stepped up to a new record level of DM 543 million (+ 19%) in 1989.

For the current year, Continental is forecasting a further increase in sales and satisfactory results for its 47,000 share-



For complete information on Continental, its performance and activities, just contact Continental Aktiengesellschaft Königsworther Platz 1 P.O. Box 169, D-3000 Hanover 1 West Germany.

Top Performance on Wheels

**Continental** Aktiengesellschaft



This announcement does not constitute an offer of Units and appears as a matter of record only. The Placing has now closed. These Securities have not been registered under the United States Securities Act of 1933 and may not, as part of the distribution, be offered, sold or delivered, directly or indirectly, in the United States or to United States persons.

April 1990

Placing of

10,000,000 Units

# The Korea 1990 Trust

managed by



Citizens Investment Trust Management Co., Ltd.

Salomon Brothers International Limited Hanshin Securities Co., Ltd.

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**BT Asia Limited Corvo Securities Corporation** Hoare Govett Corporate Finance Limited The Nikko Merchant Bank (Singapore) Ltd

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**IBJ** Asia Limited

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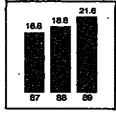
Ssangyong Investment and Securities Co., Ltd. Yamaichi International (Europe) Limited

# LYONNAISE DES EAUX: FINANCIAL RESULTS 1989

The Board of Directors of Lyonnaise des Eaux, meeting April 4, 1990, finalized parent company and consolidated financial statements for fiscal 1989.

The Group continued its growth with a 15 per cent increase in consolidated revenue to FFr 21.6 billion,

and a strong rise in profitability: of 31 per cent to FFr 726 million in net income. Net per-share earnings progressed 27.4 per cent.







Operating income amounted to FFr 1.5 billion, an improvement of 25 per cent over 1988. Owing to an increase in Group debt - notably through a parent company issue of bonds with redeemable warrants - financial results declined to a negative FFr 97 million. Current income was up by 16.8 per cent to FFr 1.4 billion. An increase in extraordinary items (+ FFr 200 million over 1988) was offset by a rise in income tax of 62 per cent, including capital gains taxes.

Foreign operations generated 30 per cent of revenue and 40 per cent of consolidated Group profit. Analysis of consolidated revenue and cash flow by business sector

		ted revenue billions)		flow nillions)
	1989	1988	1989	1988
Water Supply and Group				
holding Co.	11.06	9.25	1,326	1,133
Waste Management	2.85	2.44	340	304
Energy Technologies	3.78	3.35	387	367
Mortuary Services	2.56	2.41	190	218
New sectors and Other	1.38	1.35	(43)	_ 68
	21.6	18.8	2,200	2,090

Investments amounted to FFr 5.9 billion, of which 4.1 in financial investments (against 2.5 billion in 1988). That increase was due primarily to the strengthening of equity positions outside France, particularly in Great Britain and Spain.

Lyonnaise des Eaux Company, the Group parent, realized net earnings of FFr 301.1 million, as compared to 262.6 million in 1988.

The Board of Directors has decided to propose, at the Annual General Meeting of May 30, the declaration of a 9.25 francs per-share dividend, an increase of 15.6 per cent over the 8 francs of 1988. Shareholders will be given the option of receiving dividend payments in Lyonnaise shares.



#### INTERNATIONAL CAPITAL MARKETS

# Revolution in the air for US securities traders

Deborah Hargreaves examines the likely impact of two arcane changes to the SEC's unwieldy rules

liquid private placement market for debt and equity in the US which will be created by the much-debated rule 144a is being hailed as a revolution for US securities trading, but the market is not likely to change overnight.

likely to change overnight.

Rule 144a and its counterpart, regulation S, are two arcane changes to the US Secutives and Exchange Commission's unwieldy rulebook will remove the influ

sion's unwieldy rulebook which will remove the influence of the US regulator from the sophisticated institutional market place.

The US private placement market has grown to an estimated level of more than \$100m lest wear but although \$100bn last year, but although securities can be placed pri-

vately extensive restrictions cover their re-sale.

The new rules will create a closed market in which institutions will be able to trade debt and equity in an environment fairly free of regulation.

At a meeting on April 19 the SEC will finalise the arrangements for rule 144a, including the qualifications for an insti-

tution to join the market The entry level could be set at a securities holding of between \$50m and \$100m to try to keep the private market for the large, professional traders. The private market is expected to encourage foreign com-panies to make equity offerings in the US without having to go through the long-winded pro-cess of registering with the

However, it would be falsely optimistic to expect a flood of international issuers, according to Mr Charles Stonehill at Morgan Stanley, the US brok-ing house. At a conference organised by Equity Interna-

tional and sponsored by the National Association of Securities Dealers (NASD), Mr Stone-hill said although the approval of rule 144a is an important event from a technical and reg-ulatory point of view, "I wouldn't overstate the case for

immediate change."
US investors have some \$75bn allocated to foreign equities and although their interest is growing they are still well behind their Swiss and UK counterparts, where the equivalent of \$120bn and \$200bn respectively is invested in foreign stocks.

US investors are looking to put their money into global companies which they under-stand or stocks which represent a proxy of a market, such as Deutsche Bank. They do not want to invest in middle-ranking concerns which they do not understand and about which they have little informa-

Without the SEC's quarterly reporting requirements investors will have even less information about foreign companies, Mr Stonehill argues. For that reason companies may not keep a whole new raft of investors by making a share offering into the US market, and to start with can expect a good deal of flowback, selling back shares to the home market. However, other market play-ers believe flowback is an inev-

itable part of the growing internationalisation of capital flows and must be accepted as a consequence of any attempt

One of the benefits of the private placement market that will be developed under rule 144a will be the ease with which tranches of international equity placements may

FT INTERNATIONAL BOND SERVICE

be offered to institutional investors. The additional liquidity that will be created will enable larger tranches to be sold in the US.

The NASD has developed an

electronic system, called Por-tal, for trading debt and equi-ties under rule 144a. This means the NASD will ensure all dealers on the system will be qualified to operate in the new market, creating a closed system which will prevent leaks to the retail market. Portal will be a safe harbour

for the institutional market which will clear and settle transactions on a five-day basis through Cedel, the European clearing house. Yet since Cedel does not

accept UK equities, arrangements for trading them through Portal are more cumbersome than those for other European stocks since they involve the creation of an unregistered American depositary receipt which will be cleared in

he system could also prove expensive to use. The NASD intends to provide the system free for the first six months, after which it will formulate the service charge and transaction fee. Competitive systems, such as the American Stock Exchange's Situs, are also under development.

The NASD will monitor a get-out clause for firms wish-ing to sell their securities back. to the home market or to move on to an SEC-registered exchange with a programme of American depositary receipts. So far, some 80 ADR programmes trade in the US and rule 144a could take some busi-

# **CME** sends traders to two-hour ethics class

By Barbara Dust in Chicago

MEMBERS OF the Chicago Mercantile Exchange are being ordered off the floor and into the classroom - to take les-

sons in ethics.

The philosophy behind this has a strong utilitarian bias, that of helping to put some shine on the exchange's tarnished image following an investigation of floor trading practices and the indictment of some traders.

of some traders.

All members of the CME will be obliged to attend the ethics classes, and there will be no skipping lessons. If members do not turn up they will be

They will face formal charges from the exchange which will be dealt with just like trading offences, for

which the penalties include fines and suspension of trad-ing rights.

The classes – offered twice a week between April and June with another series scheduled later in the year – will use hypothetical trading situations in which question-

able practices crop up.
One trader, annoyed by the
new tap on his time, said: "It's an insult to make you do this, especially for someone who's been around for 10 years like me. But two hours of time is a

small price to pay to get a bet-ter image for our industry." Beyond the futures industry age, however, few seemed to believe it would have any deep moralising effect on traders. "I don't know how they're going to instil a sense of ethics in me at 29," quipped one trader.

1

100

The programme was one of the recommendations made by a special committee set up by the exchange after a federal investigation of floor trading

The two-year undercover probe by the Federal Bureau of Investigation led to indictments of 45 traders and one clerk last year. The investiga-tion and the indictments that followed it involved both the CME and the Chicago Roard of

Both exchanges have been fighting to shake off the image of their traders as fraud-prone wheeler-dealers. The new CME ethics programme "ail goes back to the federal investiga-tion," said Mr Andrew Yemma, exchange spokesman.

A clean-up effort is also-being made by the Chicago Board of Trade, which has bired an entitle group of grounds.

hired an outside group of specialists to come up with an ethics programme. That group is still at work. In a letter sent to last week the CMB told traders they will be required to attend two one-hour sessions of ethics

They will be taught by law-yers from the Kent College of

Law, part of the Illinois Institute of Technology.

The classes will begin just before the first trial of traders

indicted last year. This trial was due to start yesterday but government prosecutors asked for and were granted a onemonth delay. Attorneys for the three Swiss franc futures traders,

who are now set to go to trial on May 7, said the Govern-ment was still trying to strengthen what they contend is a weak case.

# **S&P** lowers Den Danske debt rating

By Norma Cohen

STANDARD & POOR'S has lowered the ratings on Den Danske Bank's Eurocommercial paper programme, Euro certificate of deposit pro-gramme and US commercial

gramme and US commercial paper programmes to A1 from A1+.

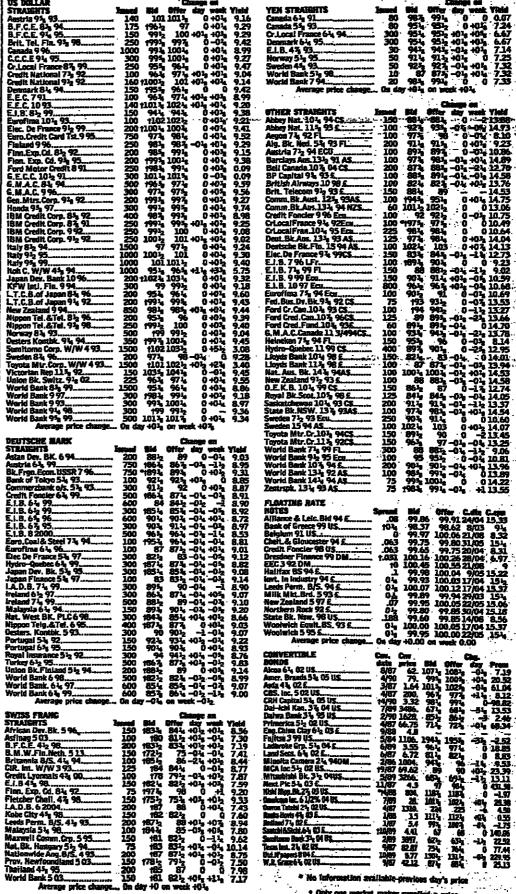
The agency had placed the bank's credit ratings, along with those of Copenhagen Handelsbank and Provinsbank, on its creditwatch list for a possible downgrading last autumn after the three banks announced merger plans.

S&P cited rising provisions for loan losses and rising write-offs for two of the banks as contributing to the downgrading.

Along with difficulties in the consumer and small business sectors of the Danish economy, the banks will be strained by the increased costs of handling the merger, S&P said.

#### Saga Petroleum in ADR launch

SAGA Petroluem, Norway's plans to launch an American depositary receipt (ADR) programme to help trading by its US shareholders, Reuter reports. Saga, listed on the Oslo and London stock exchanges, said it was sending information to the SEC.



#### INTERNATIONAL CAPITAL MARKETS

UK GILTS

US TREASURY

GERMANY

CANADA \*

AUSTRALIA

FRANCE BYAN

NETHERLANDS

# radersh Pressure grows to resolve BFCE debt provision

By George Graham in Paris

ETS

1 71.25

PRESSURE is mounting on the French Government to find a solution to the problems of the Banque Française du Commerce Extérieur (BFCE), the trade finance bank whose ambiguous status, caught between the public and private sectors, has left it heavily under-provisioned for its sovereign debt risks.

The Commission Bancaire the French banking supervisory authority, is about to repeat its demand, first made a year ago, that the BFCE increase substantially its sovereign debt provisions.

A solution has been sketched out to the problem, which would involve Assurances Générales de France (AGF), the state-owned insurance company, stepping in as BFCE's major shareholder, alongside the Banque de France, France's central bank, and the Caisse des Dépôts, the state financing institution.

AGF refuses, however, to cover the bank's past debt exposure, and wants BFCE's existing shareholders to wipe the slate clean before it buys them out, to end up with a stake of around 40 per cent.
These shareholders, which

include the main French commercial banks, both stateowned and privatised, are unenthusiastic about putting

up the money. which some Commission Bancaire's agreed.

renewed demand is expected to increase the pressure on these shareholders to reach an agreement. Mr Jean-Claude Trichet, director of the French Treasury, is leading the negotia-tions and Paris bankers believe a settlement should be achieved by the end of this

BFCE's sovereign debt provisions at the end of 1988 amounted to only FFr1.48bn, some 28 per cent of its expo-sure to 39 problem countries. Banking analysts are particu-larly concerned that the bank that year reduced its new pro-visions slightly to FFr187m.

The Commission Bancaire

consistently asks underprovisioned banks to bring their cover up to the average of the profession, which last year stood at 40 per cent. By now BFCE would need an estimated FFr1.2bn of additional provisions to come up to 50 per cent

AGF insists the existing shareholders must fill this hole, and must also come up with FFr1.2bn more of capital needed to bring BFCE into line with the prudential ratios laid down by the Cooke Committee of the Bank for International

Settlements. The insurer also wants to pay BFCE's bank shareholders with its own shares, a point

# Simex may start Euroyen interest rate options

THE Singapore International Monetary Exchange (Simex) is considering launching contracts in Euroyen interest rate options, Euromark interest rate futures and crude oil

futures, Reuter reports. Euroven interest rate options are expected to complement trading in Euroyen futures which was launched in October 1989, local traders

The Euroyen option would bring the total of options traded on Simex to four, with

and the provided gradual market in the first

the existing Eurodollar, yen and D-Mark options. "But the only activity right now is in Eurodollar options," one local house trader said.

"Currency options are neglected, and interest in Euroyen options will depend on the liquidity of the underlying Euroyen futures contract,"

a local house trader said. Turnover of Euroyen contracts in January this year was 33,332. It then fell to 27,212 in February before recovering to 47,887 in March.

# **BZW** takes on Drexel staff to build **US** position

By Richard Waters and David Lascelles, **Banking Editor** 

BARCLAYS de Zoete Wedd, the investment banking arm of the Barclays Bank group, has become the second UK-based firm to take the opportunity of the Drexel Burnham Lambert collapse earlier this year to build a position in the US equity market.

BZW announced yesterday it

had taken on 40 former staff from Drexel's equity operations in the US, including 25 analysts and sales staff. A month ago County Nat-West, part of the National Westminster banking group, signed up 60 former Drexel staff in the US and 24 in Lon-

. Both firms said a position in the US market was vital to their strategy of achieving a presence in the world's leading equity markets, although County, with a total of 120 staff in the area compared with BZW's 40, has a far

larger presence. BZW's recruits include Mr Richard Hoey, the highly-regarded economist, and Mr Abby Joseph Cohen, invest-ment strategist. A Chicagobased US equity sales team headed by Mr Hugh Feehan is

also being taken on.

BZW has applied for securities and banking regulatory approvals to undertake full service brokerage in the

#### Finnish bank in Euro note issue

KANSALLIS-Osake-Pankki. Finlad's largest bank, has set up a DM500m Euro mediumterm note programme, writes Stephen Fidler.

Deutsche Bank, which arranged the facility, Com-merzbank and Morgan Stanley were appointed as dealers. The first issuance is expected for the second half of April.

The notes will be listed on the regulated market of the Frankfurt Stock Exchange. The facility allows for fixedrate, floating-rate and zerocoupon notes with maturity of between two and 30 years.

# Gilts depressed by UK economic worries

Change Yield

-02/32 -02/32

12/99 89.5800 -0.350 8.75 8.42

12/99 86.4500 -0.100 11.62 11.23 10.80

95.1144 -0.035 10.03 92.6900 -0.320 9.57

7.750 01/00 91.9500 -0.190 9.01 8.67 9.12

12.000 7/99 92.3186 -0.147 13.48 13.58 13.30

-08/32 13.35 -17/32 12.48 -18/32 11.44

-0.309 7.28 +0.001 7.24

8.60 8.56

**BENCHMARK GOVERNMENT BONDS** 

4/93 5/99 10/08

02/00

02/95 03/00

By Deborah Hargreaves in London, Janet Bush in New York and George Graham in Parls

10.000 10.500 9.000

8.500 8.500

7.125

9.250

IT WAS a listless day for UK gilts yesterday as the pound weakened and the market was spooked by expectations of a large Eurosterling issue. In addition, investors in the

UK bond market continue to be worried about the economy and this has been reflected in a

#### GOVERNMENT BONDS

recent slide in gilts prices As the Bank of England's trade-weighted index slipped to 87.2 from a previous close of 87.4, the singuish gilts market shed about % point. The benchmark 11% per cent 2003-07 bond closed at 98.12 with a yield just over 12 per cent after a close of 98.18.

Investors in UK gilts are worried about the economic implications of yesterday's decision by Ford of the US to switch investment from south Wales to West Germany, The market was also concerned about the planned launch of a £200m Eurosterling issue yes-terday which was later post-

THE French government yesterday sold 494m Ecus of gium (300m Ecus), Italy (1bn Ecus) and the European Com-munity (350m Ecus). Spain is bonds by Dutch suction, taking advantage of a resurgence in demand for bonds denominated expected to follow shortly.

in the European currency unit.
The new 10-year French Ecu
bond, OAT 9.5 per cent 2000, was sold at a cut off price of 93.2. giving a weighted average yield of 10.61 per cent.

The issue follows recent large Ecu bond placings by Bel-

London closing, "denotes New York morning session Yields: Local market standard Prices: US, UK in 32nds., others in decimal Technical Data/ATLAS Price Sources

Month ago

13.48 12.46 11.41

Woek ago

13.30 12.36 11.36

8.62 8.62

US Treasuries drifted higher yesterday morning in advance of the sale of \$3.5bn in 40-year Resolution Funding Corp bonds which are being sold as part of the bail-out of the thrift sion, bond prices, particularly at the long end, started to drift back. The long bond was quoted & point higher to yield 8.53 per cent. There was some optimism over the Refcorp auction, partly because of the relatively small size of bonds on offer and partly because the yields looked quite attractive, compared with 30-year Trea-

surv bonds. Primary dealers were expected to take the bulk of the issue and then strip the bonds of their coupons to satisfy expected Japanese demand for ng zero-coupon bonds.

The market is also focusing on today's \$7.5bn issue of seven-year bonds. The mood on this sale is less sanguine, although the sale may be helped if the Refcorp issue goes

The Treasury market does not appear to be reacting much to the growing consensus that the Group of Seven meeting left the Japanese authorities isolated in their efforts to bolster the yen.

■ THE Japanese government industry. bond market was slightly However, towards midses-stronger yesterday in spite of

the yen weakening against the dollar. Traders were suggesting that the JGB market has become uncoupled from the currency and will now show some independent movement.

Yields on the benchmark 119 bond were lower at 7.20 per cent as bond prices moved higher. The new bonds auctioned last Friday were trading slightly below par in the secondary market after demand for the 6.7 per cent coupon on the bonds – the highest in 7 years – was strong.

The new bonds were yielding 6.72 per cent in the after-mar-ket which proves expensive on existing market levels, but nevertheless they were bought aggressively by some houses.

MANY traders in the West German bond market are wind-ing down their books ahead of the Easter holiday which has left the bund market thin and

Investors are concerned about the continuing debate surrounding monetary union. The benchmark 7% per cent 2000 bund was marked down at the fixing yesterday to 93.97

# Expected £350m Gefco issue unsettles markets

By Norma Cohen

poned.

THE Eurosterling and gilts markets were buffeted yester-day by speculation that Guar-anteed Export Finance Corporation (Gefco) was about to tap the market with up to £350m of 12-year bonds guaranteed by the UK Government.

Prices in the sector fell in

#### INTERNATIONAL BONDS

response to the rumour, but by the end of the day the deal had failed to materialise.

Dealers said the market reac-

tion was probably prompted by the two lead managers — Bar-clays de Zoete Wedd and SG Warburg - sounding out insti-tutional investors about terms at which they would be willing to nurchase the bonds. While a 12-year maturity is relatively unusual, dealers remarked that there is little difference in yields of gilt-edged securities maturing in 2002 and those maturing in 2007. This had

**NEW INTERNATIONAL BOND ISSUES** Borrower STERLING TMC PIMBS 4th Financing(e): 271<sub>2</sub>bp 99.76 2029 34/29bp Salomon Brothers Int AUSTRALIAN DOLLARS IBM Australia Credit(a) 15% 14/4 Westpac Banking Corp. PESETAS Council of Europe(a) 14 101 1995 15a/1 Banco Bilbao Vizcaya SWISS FRANCS
Oest. Kontrolibank (b) 4 Wirtschafts-und Privathk 100 74 10212 2002 Scand. Airlines System(c) ◆
Council of Europe(d)‡◆ 1%/14 Mitsui Trust Int. 25/15bp Ogiwa Europe FENNISH MARKKA

134 101 4 1993 #Floating rate notes. \(\phi\)With bond warrants. \(\phi\)Final terms. \(\alpha\) Non-callable. \(\beta\) Non-callable. Each \$Fr5000 has one warrant which can be exercised only on Feb.21 and Nov.21 1991 into bond due 2002 (non-callable), paying 7½% at 100. c) Non-callable. Unlisted. d) Issue increased from Y10br. Coupon pays 40bp under Japanese long-term prime rate. Put April 1997 at 100.2 and April 1991 at 100.2 and thereafter annually at par. e) Coupon pays 27½ bp over 3-month Libor, rising to 50bp after 10 years. Average life 7 years. Fixed re-offer price.

prompted some investors to switch out of longer-dated gilts into the 12-year area, they said. However, market appetite for sterling floaters remains reasonably strong. Salomon Brothers launched a £200m

offering of mortgage-backed securities for TMC PIMBS 4th

a special purpose vehicle which holds mostly non-standard, low-start mortgages generated by Salomon Brothers' Mortage Corp subsidiary. The 39-year issue, which has an average life of seven years, pays interest at 27% basis points over three-month Libor

and is priced at 99.76 to yield

33 over Libor to investors. The issue carries pool insurance from Sun Alliance to guarantee the AAA credit rating. Spreads on mortgage-backed notes have been rising over the past year after a low of 18 basis points last spring. However, Salomon said its issue was well received and closed at a premium to

issue price at 99.80 bid. Meanwhile, Council of Europe issued a matador bond carrying the highest coupon of any such issue to date. The Pta10bn five-year deal, lead managed by Banco Bilbao Vizcaya and Bank of Tokyo, carries a coupon of 14 per cent and is priced at 101 to yield 14.18 per cent if sold at a discount equal to full fees. Proceeds were said to have been swapped into floating-rate dollars. Dealers said the deal was trading around its 1% per cent

Separately, UBS Phillips & Drew said it had ceased trading Australian dollar Euro-bonds, citing diminishing liquidity in the secondary mar-

In Switzerland, Oesterreichische Kontrollbank launched a SFr100m 12-year bond with debt warrants, the first issue of its type in six months. The issue was well received, enough to trade inside its 2½ per cent fees at less 2¼ to less 2 bid.

#### Financing Plc. The borrower is **LONDON MARKET STATISTICS**

RISES AND FALLS YESTERDAY

	FT-ACTUARIES SHARE INDICES											
© The Finance	<sup>©</sup> The Financial Times Ltd 1990. Compiled by the Financial Times Ltd											
in conjunction with the institute of Actuaries and the Feculty of Actuaries												
EQUITY GROUPS Tuesday April 10 1990 Mon Fri Thu Year Apr Apr Apr ago												
EQUIT UNOU		INE	osy ap	ILII TA	72,20	: .	Apr 9	Apr	Apr 5	ago (approx)		
& SUB-SECTION	KS	1	Est	Gross	Est			-	·			
Figures in parentheses show a			Earning: Yield%	Div. Yleid%	P/E Ratio	xd ad). 1990	index	Index	Index	Index		
stocks per section		. Change	(Max.)	(Act at (25%)	(Net)	to date	No.	No.	No.	No.		
1 CAPITAL GOODS (201) 2 Building Materials (27)	842					10.96 5.50	847.47 1041.43	845.45 1036.49	850.00 1035.49	918.02 1171.45		
3 Contracting Construction (	37) 1355	78 -1.4				16.02	1375.45					
4) Electricals (Rf)	2398	161 2.0				39.14	2422.84			2683.19		
5i Electronics (29)		05 -0.4				17.31						
6   Engineering-Aerospace (8).	439	37  <del>1</del> 0.6				7.69	436.40		434.84	0.00		
7 Engineering-General (43)				5.39		7.42	464.80		467.01	0.00		
8 Metals and Metal Forming 9 Motors (16)			24.63 15.34			0.53 8.43	478.93 347.50		483.51 348.43	528.36 301.60		
10 Other Industrial Materials			115	5.11	10.12	28.02	1558.00					
21 CONSUMER GROUP (1.76).		09 -0.4	9.89			9.21	1208.23		1219.00			
22 Brewers and Distillers (21)	1401	23	10.35			12.53	1400.64					
25 Food Manufacturing (20)	1048	31 -0.7	10.59	4.48		14.80	1055.43	1058.46	1059.57	1004.76		
26 Food Retailing (16)	2234	80 -0.3				7.94	2241.72		2232.91	2000.65		
27 Health and Household (32)	2523	78 +0.3				17.07	2516.53			2230.78		
29 Leisure (31)	1352	220.8		4.55		9.24	1363.40					
31 Packaging & Paper (13) 32 Publishing & Printing (16)	3205	68  −0.2 44 −1.0			9.69	10.38	565.64 3238.89		574.05 3252.85	563.00 3561.23		
34 Stores (35)						37.24 1.89	739.15	738.89	747.47	738.23		
35 Textiles (12)			13.72		9.18	0.59	488.81	489.95	491.75	506.47		
40 OTHER GROUPS (185)	1121		1113	5.10		8.58	1128.95		1133.58	1044.37		
41   Agencies (17)	1598	67 -0.2	5.66	2.42	21.74	12.33	1601.56	1597.22	1622.10	1268.49		
42 Chemicals (23)	1191	ш	11.93	5.53	9.80	23.59	1191.42		1197.94			
43 Conglomerates (14)		20 -1.0		6.19	11.57	8.69		1594.90	1608.74			
44 Transport (13)			11.28	4.62	11.26	25.71	2167.60	2181.49	2206.12	2328.50		
46 Telephone Networks(2)			11.51 18.53	4.65 7.20	11.30	0.00	1110.44 1886.02	1093.70, 1887.74	1108.60 1913.08	1090.75 0.00		
47 Water(10)			10.52	4.79	10.64	18.48	1824.13	1803.66				
49 INDUSTRIAL GROUP (482)			11.26	4.72	10.85	9.88	1106.93			1082.69		
		_	11.03	5.36	11.96	35.53	2264.28		2261.49			
51 011 & Gas (18)			11.23	4.81	10.99	11.91	1203.38	1200.35		1154.99		
59 500 SHARE INDEX (580)			1112				801.82	803.82	808.63	725.66		
61 FINANCIAL GROUP (111).			19.27	5.67 6.16	6.75	17.48 24.14	870.30	869.10	879.44	713.05		
62  Banks (9)				5.77		34.46	1283.66		1316.32	1051.79		
66 Insurance (Composite) (7)			( -	6.44		19.43	642.86	656.48	664.98	584.03		
67 Insurance (Brokers) (7)	1038.		7.90	6.27	16.83	26.30	1035.17	1031.71	1029.79	930.01		
68 Merchant Banks (7)	454.		l =:	4.20	i .÷	4.85	457.33	457.65	458.87	326.42		
69 Property (49)			7.93 14.01	· 3.80 · 7.10	15.99	5.62	1158.98 315.46	1144.54 316.54	1135.47 318.34	1287.87 360.21		
70 Other Financial (25)			14.01		9.44	4.09	2138.33	1133.00				
71 Investment Trusts (67)	1131		9.94	3.34 6.86	12.15	8.95 42.87	1340.25	1351.61	1137.60 1360.01	10//.55 1361.58		
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# THE COMPUTER MARKETPLACE Will appear every THURSDAY

For all information telephone Simon Enefer 01 873 3503 or 01 407 5755, Fx 01 873 3079

# European profits underpin **RMC's 20% rise to £248m**

STRONG DEMAND in trial construction, in addition the in-flow of people from eastcontinental Europe and favourable weather conditions helped RMC Group, the world's big-gest producer of ready-mixed concrete, lift pre-tax profits by 20 per cent to £248m in 1989.

However, the overall advance, from £205.9m, disguised a fall in UK operating profits during the second half. This reversed the normal seasonal balance of the business and the second half.

and was mainly attributed to the progressive decline in the UK housing sector.
In contrast, the West German construction market last year enjoyed a strong recovery which fuelled a substantial increase in profits derived

there. Mr John Camden, chairman, said that UK volumes in ready-mixed concrete and sand down in the first quarter of the

current year. He believed this stemmed from high inflation and interest rates making themselves feit on commercial and indus-

US was not enough to offset

the effects of the depressed

domestic housing market on

Walter Lawrence in 1989. Taxable profits of the house-

builder, contractor and build-

ers' merchant fell 22 per cent

from £19.21m to £15.02m over

the 12 months. This came after

a £3.5m provision against the

possible consequence of lower

house prices on the value of certain residential develop-

The company pointed to the difficult conditions for house-

building in southern England, which bore most of the 19 per cent fall in sales to 856 units.

The north-west division had

fared well. The introduction of

sales incentives and discounts

resulted in a better second

half, but coupled with high

interest rates, adversely

The contribution from West

Venture, the 51 per cent-owned

affected margins.

ment sites.

By Katrina Lowe

to residential. Overall, he anticipated that demand from mainland Europe would underpin profits in spite of difficulties in the UK. But higher taxation in some continental countries and the involvement of outside share-

involvement of outside share-holders in many of RMC's operations meant this would not be thoroughly reflected in earnings per share. RMC's shares shed 25p to close at 615p yesterday. The second half accounted for only 554 8m of yearly IIK for only £64.8m of yearly UK operating profits of £132m (£127.5m), which were generated from turnover of £1.09bn

(£997.7m). Leaving aside the concrete and aggregates side, RMC's DIY stores achieved "satisfactory" profits in the context of pressure on consumer expenditure. Waste disposal operations achieved substantial growth.
In West Germany, operating

profits came to £58m (£32 lm). Mr Camden said he expected the need to provide housing for

Walter Lawrence falls to £15m

despite strong US performance

southern California, jumped

from £2.15m to £6.32m on sales

an average price of \$135,000

(£82,500). Mr Trevor Mawby,

group chief executive, said that the Californian company had a

"first class" land bank concen-

trated on homes at the lower

end of the price range. This

insulated it against less buoy-

ant conditions prevailing in

Positive results were also

achieved in the contracting and merchanting divisions. Mr Mawby said that in the former

division, with the exception of

Walter Lawrence Project Man-

agement, sound results were

reported. Walter Lawrence

East Anglia and Rock Asphalte

In merchanting, Tricom Sup-plies increased turnover and market share and maintained

Walter

both reported record profits.

more expensive areas.

West Venture sold some 500

of £47.67m (£15.69m).

A STRONG performance in the housebuilding venture in

# **Property disposals** back gain to £117m at Taylor Woodrow

ern Europe to underpin demand in the current year.

Operating profits were lower than last year in North America reflecting competition in some areas, such as the con-TAYLOR WOODROW the property and construction group, yesterday reported a 13 per cent increase in pre-tax profits from £103.3m to £116.9m crete pipe market in Florida. The joint venture with Lone for 1989, mainly from property disposals which offset losses in Star in California performed

Mr Peter Drew, who was appointed executive chairman in January, said the senior management had set a series of satisfactorily.
Irish and Spanish operations stood out among other regional operations as having strikingly management changes in train to broaden the base of the busigood years. Overall, countries other than the UK and West Germany put in operating profits of £64.5m (£51.3m) on sales of £836m (£597.2m). ness, improve its competitiveness in contracting and extend its spread internationally, with the aim of limiting exposure to Group turnover was £2.57bn (£2.07bn). Net interest payable rose to £11.4m (£8.2m). At the

year-end net borrowings at £100.4m represented 16.9 per

This was after investment of

Earnings per share advanced to 68.5p (58.4p). The final divi-dend is lifted to 12.2p, making

its profits contribution. In Jan-

uary it expanded its national

coverage when it opened its

seventh depot, in the West

Turnover rose 10 per cent to £262.93m and operating profits before the exceptional item

came to £27.93m (£22.94m).

Earnings per share fell sharply to 15.7p (25.1p), but the final dividend is maintained at 5.5p

for an unchanged total of 7.5p.

Mr Mawby said that net assets at the year end had

increased to £51.97m, or 96.7p

per share. Net borrowings

amounted to £45.73m, representing 88 per cent of share-holders' funds.

in interest rates likely in the short term, 1990 was likely to

be another difficult year in the

UK housing market. However,

prospects for the contracting

operation and the Californian

venture were better than for

He warned that with no fall

18p (14.5p) for the year.

£273m.

Midlands.

cyclical UK sectors. Group turnover, which rose by 5 per cent to £1.32bn (£1.25bn), was held back by only 2 per cent growth in the UK, which accounts for three quarters of turnover.

The profits increase came entirely from overseas activi-ties, including a £10.9m jump in profits from Australasia to £15.3m through the sale of a Sydney shopping centre.

Mr Drew said the US house-building activities were profitable, but US activities overall

recorded a £3.7m loss because of write downs on the value of property in the Atlanta, Georgia area.

Profits in the UK fell by

£1.1m to £85.5m, on turnover of 2988.2m (1968.6m).

The property division raised its contribution by 42 per cent to 568m (\$47.8m). The company

doubled the rate at which it culled mature property from its portfolio to yield profits of

The value of the portfolio is estimated to have risen by £119.3m to £801.9m. Mr Drew said proceeds from the disposals had exceeded current valu-Rental income was up 28 per

cent to £68.7m. These increases were offset by higher interest charges and the loss of investment income from develop-Housebuilding profits fell by

almost £10m to £25.6m, with a loss of £14m in the UK offset by healthier profits in the US and other overseas markets. The contracting businesses improved profits by £2m to £16m, on turnover of £905.6m



changes set in train

The company's gearing, which has been increasing since 1985, rose sharply from 13.7 per cent to 22.9 per cent and interest charges were £5m higher at £8.3m.
The directors are recom-

mending a final divided of 7.25p, making a total for the year of 9p, up 1.5p on

6 COMMENT

A couple of years ago a little more than a third of Taylor Woodrow's profits came from property. Last year, property contributed 58 per cent of profits and more than offset a disappointing year in housing and a swing into loss in the US. The combination of a new management team and the previous unwelcome attentions of P&O has meant that this blue chip company is now working its property portfolio more actively, and not before time. It should have little difficulty continuing its impressive record of annual earnings growth in the current year, but a repeat of the latest 20 per cent dividend increase is unthinkable. At 241p, the shares are selling at close to 10 times earnings - a premium of 20 per cent to the sector - and the 8 per cent discount to net asset values is minute for a property company. The shares, which have underperformed

# Housing slowdown leaves Erith with £3m

By Jean Marshall

THE SLOWDOWN in new house building and general stagnation in the housing mar-ket hit Erith, the Hertfordshire-based distributor of building materials, in 1989. On turnover just ahead to £86.39m (£85.77m) for the year, pre-tax profits dropped to £3.04m (£5.51m) after an exceptional debit of £91.000. exceptional debit of £91,000. The directors pointed out that the previous year had been one of exceptional buoyancy in

the industry.

They said that 1989 had been a year of consolidation, with all items of expenditure, inventories and staffing levels Prospects for 1990 were difficult to assess, they added.
The mild winter had favoured building and construction, but the impact of high property values and mortgage rates continued to have an adverse

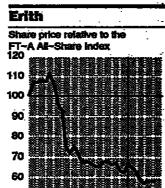
effect on volumes.

An increase in confidence, arising from a lowering of interest rates, would be needed for the present trend to be reversed, they said. Earnings worked through at

4.77p (9.27p) per share and an unchanged final dividend of 2.6p is proposed for a same again 3.9p total. Operating profits fell from 25.64m to 23.72m after increased depreciation of

£1.1m (£900,000). The pre-tax result was after net interest payable of £590,000 against £123,000. Tax charged was £1.05m

(£1.89m), leaving retained profits of £358,000 (£2m) after the dividend payment.



# the market by a third since P&O exited the share register, are no more than a dull hold.

SmithKline makes £32m disposal By Peter Marsh

pany, has continued its recent disposal programme with an

agreed sale for £32m of a group of non-prescription medicines and toiletries products.

The products, sold mainly in the US, last year had total revenues of £18m. They are being sold to a group of investors,

SmithKline Beecham, the including former members of Anglo-American pharmaceuti- the company's management, led by Warburg Pincus, a financial services group. SB, formed last year from

the merger of SmithKline Beckman of the US and Britain's Beecham, has since sold several parts of the company which it regards as periphetal. It is still seeking a buyer for its cosmetics side.

DIVID	ENDS	ANNO	UNCE	D :	
Alexandra Workfin	3.1	May 29	2.55	4.7	3,9
Blockleysfin	2.86	June 13	2.6*	4.81	4.35°
Boosey & Hawkes(in	9	-	7	12.3	10
Britannia Groupin	3.8	· •	3.1	5.7	4.5
Celestion Indsfin	. 1	June 15	0.75🛖	1	. 0.75
Dagenham Motors "fin	3.75	May 31	3.5	5.25	∙5
Davis (Godfrey)fin	5.25	June 13	4.67	7.85	· 7.
Dowding & MilisInt	1†	May 21	0.8	-	2.32
Durhent (DG) §fin	1	June 15	1	2	1
rithfin	2.6	-	2.6	3.9	3.9
F08800	8.5	July 2	. 8	13.5	12.2
awrence (Walt)fin	5.5	July 2	5.5	7.5	7.5
e Creusetfin	0.24	June		0.24	
Joyds Chemistsint	0.78	June 12	0.65	-	2.21
Aertin (Albert)fin	2.4	÷	3.25	4	4.75
riitx	2	July 2	4.7	4.7	7.4-
?MCfir	12.2	June 1	9.9	. 18 .	14.5
Savoy Hotelfin	7	-	6.5t	7	6.5
Seaffeld[]n	2	June 29		2.4	. 4
Sherwood Comp §fin	3.75	· -	nit.	4.5	iia ·
Allentalghtfin	2.75	July 2	4.75	- 5	: 7
itylofln	9		7	ğ	Ź
Taylor Woodrow ,fin	7.25	July 2	é*	·ğ	7.5
TVS Entertainfin	5		9.25	10#	18.25
Macefin	5.75	June 4	2.75	7.5t	4
Vardie Storeysint	4	July 2 -	4		14
	2.51 ☆★	July 4	3.35	25*	. 5

# TVS changes tack on MTM's future

By John Thornhill

TVS ENTERTAINMENT, the ITV franchise holder for the south of England, has decided to retain 100 per cent of MTM, its troubled US subsidiary, and is no longer seekling an outside partner as it had previously suggested.

stiggested.

TVS, which has changed its year end from October 31, also amounced yesterday that pretax profits for the 14 months to end 1889 had fallen to £16.2m. In the previous 12 months pre-tax profits were £26.1m. The company attributed the

fall to exceptional costs and a 58.1m loss inctired by MTM, the US television company which was bought in July 1988 in a deal worth more than

in a deal worth more than £190m.

MTM, which beasts such programmes as Hill Street Blues and St Elsewhere, suffered severely from a softening of the US secondary syndication market, which involves the sale of former network shows to independent stations.

Mr James Gatward, TVS chief executive, said he was chief executive, said he was determined to restore MTM to profitability. Although MTM was still operating in a difficult

market, he said he was cau-tiously optimistic that MTM's results would be better this

ensity addressed MTM's management and financial problems and was encouraged by the positive response to the

measures taken. It added that US television networks were now showing more interest in the company's programmes, that MTM had successfully entered the first-run syndication market, and that library sales were reviv-

ing.
The company allayed fears that it would pass its dividend by recommending a final payout of 5p which will take the total for the 14 months to 10p equivalent to 8.57p (9.25p) on

an annual basis.

An exceptional item of £4.6m taken above the line consisted of £3.2m in redundancy costs of \$3.2m in reminantly costs and £1.4m in payments to senior personnel as part of TVS's "golden handcuff" scheme to retain staff.

Earnings per share after exceptional items slumped to

exceptional nems simper to 8.89 (37.69). Mr Gaiward said the high-light of 1989's results was another "powerful" performance from TVS Television the UK subsidiary which recorded pre-tax profits of £33.7m in the period, compared with £24.5m in 1988.

year. TVS's shares closed 4p TVS claimed it had vigor- higher at 118p.

# Markheath says Camford overstated asset value

MARKHEATH SECURITIES, which is bidding for Camford Engineering, yesterday claimed that the motor components group had overstated the value of its net assets.

Markheath, the UK invest-ment vehicle for Adelaide Steamship, the Australian industrial and retailing coning to Camford's figures, the net asset value of the group was only 288p per stare. glomerate, calculates, accord-

That compared with Mar-kheath's offer price of 305p in cash, which in furn values the whole of Camford at about

Camford said last week it

September 30, a surplus of £31.5m over their book

The Stevenage-based group yesterday responded to Mar-kheath's criticisms by casting doubt on the predator's calculations and claiming its net asset value was at least 319p per share. Markheath, which already

owns nearly 30 per cent of its target, also welcomed the decision by eight of Camford's directors to waive "golden parachute" provisions in their

service agreements.
The Camford board last week surrendered its entitlement to contractual payments of at least £3.8m in the event of had had its properties valued a bidder acquiring 30 per cent independently at £43.4m as at of the group's shares.

ر شبوه **نوان این شی**ر د آ

#### SeaCon's \$70 tender offer for own equity is oversubscribed By Andrew Hill

Nearly 12m shares were committed to Sea Containers' \$70 per aliare tender offer for about half its own

The offer is the final stage of the group's restructuring following a long takeover bid:

Sea Containers is funding the tender offer for 7m shares with the proceeds of \$1.14bn of asset disposals to the one time liostile bidders for the group, Stena, a private Swedish shipping company, and Tiphook, the UK

container rental company. Although Sea Containers has yet to decide on the exact figures, it looks as though the Bermuda-based group.
will pay for about 58.4 per cent of the shares tendered and the balance will be returned to shareholders.

The company said yesterday that its subsidiarles would retain am of the ten-dered shares for payment and the remaining 3m would be paid for and cancelled.

According to Bermuda law, the retained shares keep their votes, so, as expected, subsidiaries and directors will have a controlling stake in the ongoing business.

### Headlam abandons takeôver plans

By Jane Fuller Headlain, the footwear and fabrics group which has just fought off an attempted man-

agement coup, has abandoned plans to acquire Cadogan Oakley, maker of men's accessories and uphoistered furniture. The deal, which would have

given Cadogan control, was being negotiated when dissident Headiam shareholders called an extraordinary general meeting to consider the removal of Mr John Chaplin as chairman and Mr David Hag-gett as deputy chairman. The move was rejected by a vote of

4.43m shares to 4.1m. Mr Chaplin said yesterday that institutional shareholders had been unhappy with the terms. They included issuing an initial 16m Headlam shares to the vendors. Mr Peter Grant, managing director of Cadogan Oakley, would have become

chief executive of Headlam.

Mr Chaplin, 64, said he would be writing to shareholders about Headlam's plans and his own intentions. -Mr Grant said he was disap-

pointed that institutional abareholders had made up their minds without much knowledge of Cadogan Oakley.

Trade resumed in Headlam's shares yesterday and the price fell 10p to 66p.

## YEAR ENDED YEAR ENDED 31ST DECEMBER 31ST DECEMBER

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	•		
	1989	1988	CHANGE
		000'3	· %
PROFIT BEFORE TAXATION	15,022	19,214	*:22
EARNINGS PER SHARE	15.7p.	25.1p	
DIVIDENDS PER SHARE	1.5p	7.5g	

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# WORKWEAR plc Summary of Results

for year to 3rd February 1990

	1989 1989 - 1989	
SALES 59,5	66 49,396	209
PROFIT BEFORE TAX 7.5	20 6,266	209
	4p 12.5p	233
	7p 3.9p	209
Commenting, Chairman, John	Prior said:	

"Alexandra plans to take full advantage of the opportunities available in the wider European marker while continuing to expand in the UK." Alexandra is Europe's leading supplier and manufacturer of quality career wear and workwear.

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#### **UK COMPANY NEWS**

# First round lost – but the fight continues

Nikki Tait looks at the Hoylake bid for BAT in the wake of the Californian ruling

French banker and long-time business associate of Sir James Goldsmith, had no doubts about her reaction to the first, and decidedly adverse, US regulatory ruling in the long Hoylake-BAT Industries battle. "We are not giving up."

nges ta

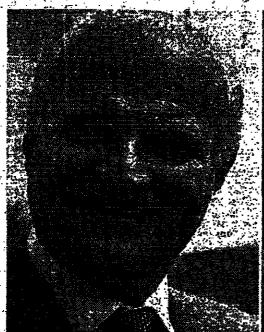
Moreover, speaking as a director of Hoylake - and preparing to take the witness stand in Texas on behalf of the Goldsmith consortium in the sixth of nine states hearings she seemed to reflect the equally pugnacious mood in. Hoylake's ally, Axa Midi

Assurances.
The French insurance company is lined up to buy BAT's Farmers Group, from Hoylak if the latter makes a successful bid for BAT. However, Hoylake cannot rebid until these arrangements have won approval from nine separate state insurance departments. California, Farmers home state and the source of 40 per cent of its business, is arguably the

most crucial. "It seems to be 'Forward the French'," remarked one, rather more cautious, Hoylake repre-sentative, still digesting the regulators' ruling in London.

Given the fine print of the Californian decision, the French reaction might seem more like march towards hefty legal fees, renewed manage-ment effort, with little prospect of joy at the end of the road.

The inevitable question, then, is whether the brave words are a play for time while the Texas hearing continues and, perhaps, a few other state decisions become known. Or do they reflect a real conviction that the deal can be reshaped to California's satisfac-



Sir James Goldsmith and Roxanni Gillespie

her punches in the ruling. Her decision splits into two parts. The first considers the application by Hoylake to acquire BAT and by implication its Los Angeles-based insurance subsidiary. The second deals with Axa's proposed ownership

On the first score, as the Californian commissioner explained on Monday, the department felt there were .

three basic problems.

For a start, it lacked firm information about how a renewed Hoylake offer for BAT might be structured or even where it might eventually be pitched. Next, in Ms Gillespie's words, "There was a big gap on information about Hoylake,"

And, finally, the regulators Ms Roxanni Gillespie, the decided that Hoylake could acquire BAT but still not be either immediately, or, possi-bly, at all. This "gap" problem, which concerns the legal abil-ity to enforce the Axa-Farmers sale agreement, has occupied hours of debate during the various hearings.

On the way, the Californian ruling contains the odd jibe. It notes, for example, that the Anglo holding company - the angle housing company quoted UK group which plays a key part in the Hoylake bid structure — has four employees, one of them a security guard. And it makes reference to the Keating connection. Mr Charles Keating is the former head of the Lincoln Savings & Loan Association, whose subsidiary, Amcor, is bankrupt. Amcor owns 20 per cent of the shares in General Oriental Investments, the main vehicle through which Goldsmith is

More seriously, on the Axa application, the Department's basic problem was the funding for Axa's proposed \$4.5bn purchase. At present, the plan is for a \$2.25bn 10-year loan, repayable by dividends from Farmers, and \$2.25bn of two to three-year loan notes to be paid off by the sale of the Axa group's non-insurance assets. "The acquisition of Farmers by Axa through Hoylake," said

the Gillespie ruling bluntly, "will be a leveraged buy-out." Continuing on this theme, the regulators stated that "a reasonable debt to equity ratio is of utmost importance in the insurance industry". Doing their own sums, Californian officials found the debt to equity ratio at the Axa level to be 5.6:1 and in the main acquisition vehicle, infinite (ie no tangible net worth). Their own

Californian acquisition guide-lines require a maximum of 1:1 where five-year loans are involved, or 1.5:1 on 10-year

That is only the bare bones of the problem. The ruling, for example, also takes on board potential loss of its section 835 tax election – a more favourable treatment than that implicit in the Axa scheme on Farmers.

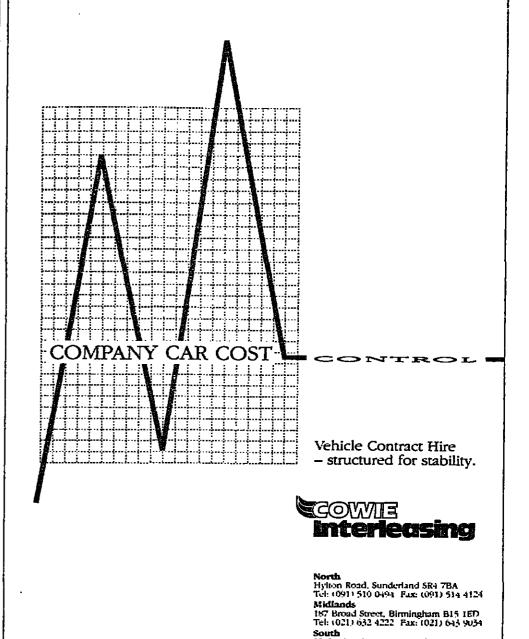
So what can Axa and Hoy-lake do? Yesterday, the French group was pointing out that California cast no aspertions on its management capabilities; rather, it described Axa's European record as "outstanding" "The problem," said one Axa representative cheerfully,

is to put down cash". Not surprisingly, no-one was too precise about how that might be achieved at this stage. Options mooted included accelerated non-insurance asset sales and a relocation of loans so the tax implications of the deal were different. By con-trast, suggestions that another partner might be brought in or that Axa's \$1bn investment in Hoylake might be abandoned tended to be played down.

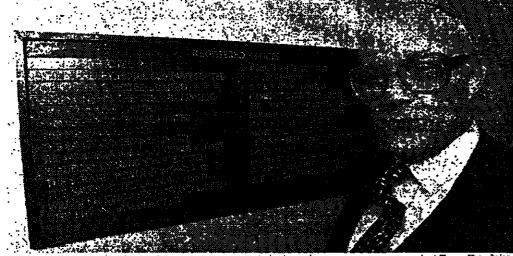
That said, on Monday night Ms Gillespie herself did not appear to be offering a lot of room for manoeuvre. It would, she said, take a very substantial restructuring before the department could reconsider its decision on Axa.

With that in mind, does th California ruling spell the end of the Goldsmith-BAT saga? Given the Axa/Hoylake reaction and Goldsmith's reputation for staying power, London analysts were hedging their bets yesterday.

"It's a fading situation." said one, "but there have been so many twists and turns in this already, that you just never



# Settled Savoy uncorks £13m



MR GILES SHEPARD, managing director of the Savoy Hotel group, yesterday presented the company's annual results and described 1989 as "an important year" which included the centenary of the flagship hotel and also "the end of hostilities with Turnethank Parts." hostilities with Trusthouse Forte, and what I

hope will be a lasting accord." The luxury hotel group increased taxable profits 4 per cent from £12.53m to £13.08m.

Turnover was up 18 per cent at £89.04m, against £75.15m last time.

Capital investment during 1989 consisted of £13m spent on improvements to hotels and equipment, with another £7.9m on repairs, maintenance and renewals. Improvements included the complete rebuilding and re-equipping of the kitchens and the refurbishment of .

44 bedrooms at Claridge's.

Tax took £4.73m (£4.33m), but an extraordinary item put in £5.01m (£590,000 charge), leaving net profit of £13.35m (£7.51m). The directors recommend a dividend of 7p per ordinary and 3.5p per B share.

The group has also added the facilities of the Wentworth golf club to those available to guests through taking a 3 per cent stake in the Surrey club which boasts two championship

Mr. Shepard said that 1990 would be a diffi-cult year because of growing competition from France, Italy and eastern Europe. But he was sure the group would maintain market share so long as it maintained its consistency of stan-

# ADT denies plan to bid for Christies

By Clare Pearson

ADT, the vehicle auction and security group headed by Mr Michael Ashcroft, yesterday said that it had no plans to make an offer for Christies International, unless a competitive situation arose.
This was ADT's first formal

statement of intent concerning the fine art auctioneer in which it has been amassing shares for at least a year. It was also announced that through the vehicle ADT Retirement Fund, the company has 13.8 per cent of Christies' ordinary shares, or 12.2 per

Christies within the next few months, except in the case of another bidder emerging. Christies' share price closed unchanged yesterday at 832p. giving a market capitalisation of £508.3m.

Another big Christies stake-

cent of the total when the spe-holder is Aska International, cent of the total when the special 'A' ordinary shares are
taken into account. This is up
from 8.5 per cent of the total
announced in February.

The statement almost certainly precludes ADT from
being allowed by the Takeover
Panel to make an offer for
Christies within the part few
be supportive of the manage. be supportive of the manage-

> Mr Christopher Davidge, Christies' managing director, on Monday sold 30,000 shares in the company, reducing his holding to 168,400 or 0.01 per

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# "Abbey National plc... the largest number of shareholders of any company in the world."

Extracts from the statement by Sir Campbell Adamson, Chairman of Abbey National plc, at the Annual General Meeting.

#### Conversion

The vote was the largest private ballot ever held - more than 31/2 million members voted massively in favour. The float was one of the largest in terms of money raised and created a world record 51/2 million shareholders on the company register - 31/2 million of whom had never held shares before.

We were the first building society to convert and were placed in the position of having to negotiate new and extremely complicated legislation. What conversion does is give us freedom to compete in a de-regulated, highly commercial and highly competitive market place.

#### 1989 Results

Our results show just how well we managed the business while all this was going on.

- Net lending reached £4.2bn, 24% up on 1988 despite a 13% fall in net UK mortgage lending.
- Mortgage market share increased from 8.4% to 11.9% in a difficult market but with no sacrifice in quality.
- Operating expenses were 45.2% of total operating income: well below that of the other major clearing banks.
- Assets up 18% to £37.2bn.
- Profits before tax up 21% to £501m, second only to Barclays among the major clearing banks.

**Products and Services** 

We have emerged from a demanding but successful 1989 as a new kind of financial animal and we are wasting no time in bringing the advantages of our new status to our customers.

We are investing heavily in our branch network. The programme of branch improvement is in its early stages but £35m was spent last year.

On the savings side the Optimum Bond was launched in November for customers with larger sums to invest and has proved a real winner, already attracting over £1bn. .

We are already the second largest insurance intermediary in the UK. Advice on products is available through branches and Cornerstone outlets. In addition Abbey National Financial Services Ltd. has over 100 consultants advising clients at work or in their homes on a range of financial products and services including Unit Trusts, Pensions and Retirement and Savings planning.

Abbey National Homes Ltd. has continued to develop accommodation for purchase or rent. It is currently involved in building houses and flats on 32 sites totalling 1,800 units.

In 1989 we opened a second office in Spain and began a new business in Italy. At the start of this year we announced our intention to acquire the French mortgage company Ficofrance.

But we are fully aware of the promise we made to shareholders that we would not venture too far from our traditional areas of business. Nor have we. We are in Europe to do mortgage and savings business - profitably. That's what we are good at.

What does the future hold for us? The economic outlook for 1990 may be an uncertain one - but I think we have proved once again that we can do well even when conditions are difficult. With operating costs lower than nearly all our professional rivals and very appreciably lower than the banks, we have an advantage which we intend to hold on to.

#### Summary In 1989:

- Profits went up 21% to £501m a total beaten only by Barclays of the major clearing
- The operating to income ratio was only 45.2%, well below that of the clearing banks.
- Mortgage market share went up to 11.9% from 8.4%.
- Abbey National captured 8% of the current account market with over 1 million accounts now opened.
- The Optimum Bond proved itself a winner with over £1bn invested.
- Abbey National established new business in France and Italy.
- With competitive interest rates, healthy balance sheet and strong financial ratios relative to our competitors, Abbey National is well set to negotiate the economic uncertainty of 1990.



Issued by Abbey National plc.

# Deutsche Bank

Aktiengesellschaft (incorporated in the Federal Republic of Germany with limited liability)

Frankfurt am Main

After our Ordinary General Meeting was convened for Wednesday, May 16, 1990 through a notice in the Bundesanzeiger No. 63 of March 30, 1990, the Deutsche Schutzvereinigung für Wertpapierbesitz (German association for protection of securities holdings) requested in accordance with the Joint Stock Corporation Act, Section 122 (2) that an additional item be announced for

The following is to be included in the Agenda:

6. Abolition of the maximum voting right The Board of Managing Directors proposes that this proposal be rejected. In the present legal situation the maximum voting right serves to protect the shareholder against unequal treatment in the event of shares being bought up

and of takeover bids. We think it can only be dispensed with if greater transparency can be achieved in the anonymity of shareholder structures so that investors can recognize changes and intentions of a party buying up shares and/or of a potential bidder. In our opinion this requires the implementation — as quickly as possible — of the EC information directive, which establishes an as quickly as possible — or the EC information directive, which establishes an obligation to disclose holdings at least from 10%. In addition, we are in favour officially and fair procedure with the aim of equal treatment for all shareholders. Until fulfilment of these preconditions, the maximum voting right should be retained.

Frankfurt am Main, April, 1990 The Board of Managing Directors

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Redemption" (c) "Optional Redemption in U.S. Dollar" of the Terms and Conditions of the Notes. Payment of interest and reimbursement of principal will be made on April 12, 1990 in accordance with paragraph 'Purchase and Redemption" (c) "Optional Redemption in U.S. Dollar" and "Payments" of the Terms and Conditions

of the Notes.

notice is hereby given that the issuer will exercise its

option to redeem the Notes on April 12, 1990 in U.S.

Dollars pursuant to paragraph "Purchase and

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BRAZILIAN INVESTMENT COMPANY

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

4. To elect the directors to serve until the next annual general meeting of chareho 5. To elect the auditor to serve until the next annual general meeting of shareholders.

The Board of Directors

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#### **UK COMPANY NEWS**

Uncertain outlook in Brazil main reason for caution about 1990

# Foseco edges ahead to £46.2m

FOSECO, which produces speciality chemicals and abrasives for a range of industries. increased pre-tax profit by 7

per cent to £46.2m in 1989. On turnover of £573.1m (£526.6m) made in 40 countries, operating profit advanced by 13 per cent to £50.4m. Interest payments sliced £4.2m (£1.7m) off this.

Market disappointment was registered yesterday in a 14p fall in the share price to 228p.
Mr Tony Chubb, chairman, said the second half had suffered from falling car sales in the US, economic problems in the UK and runaway inflation The biggest single reason

for our caution about 1990 is Brazil," said Mr Chubb. Between 5 and 10 per cent of the group's business was in that country and the outlook depended on the impact of President Fernando Collor's fierce monetary squeeze. In North and South America,

operating profit was slightly down at £6.9m, while sales advanced to £152.5m (£127.6m).

In the UK, turnover fell slightly after disposals to £151.9m, while operating profit grew to £13.9m (£11.3m).

While some products had been affected by the downturn in house building and DIY activity, civil construction was holding up well.
Mr Chubb said 1990 was set to be a more difficult year. The demand from the steel and coal.

industries, for example, was not as buoyant. Geographically, continental Europe made the biggest contribution to both sales and operating profit: £168.9m and £17.1m respectively.
In Asia, including a long-standing operation in

Japan, sales grew to £74.2m (£64.7m) and profits to £10.1m. Looked at by division, metal-lurgical chemicals produced about 55 per cent of both turnover and operating profit. Mr
Bob Jordan, managing director, said the group had continued to reduce its dependency
on steel and to build up the foundry and light alloy/alumin-ium activities.

Profits from construction and mining chemicals rose by 50 per cent to £9.2m after a dip last year. Abrasives and diamond products added nearly Elm profit to reach £13.2m.
Earnings per share reached 30.3p (28.3p). The proposed final dividend of 8.5p makes a total of 13.5p (12.2p).

**COMMENT** 

Foseco's pre-tax profit fell from £24.5m to less than £22m between the first and second halves. And that was before the crisis in Brazil, which could more than wipe out an estimated £3m or £4m profit from that country. With UK sales looking flat and only slow growth expected in the US, this leaves a lot to be made up in the happier territories. The management has also undermined expectations by a some-what lugubrious statement. A forecast pre-tax profit for 1990 of about 242m gives a prospec-tive p/e of 8.6. The share price is supported by a prospective yield of about 8 per cent. But it seems that only hid specula-



steel and coal industries

tion will drive up the price, as it did last June after it was revealed that the Scharf brothers had acquired a 4.4 per

lems are behind him. Mr Bur-

nett sees little sign of a con-

# **Refocused WCRS** hits £16m and seeks Paris listing

WCRS, the marketing group which intends to change its name to Aegis to reflect its move away from advertising to media buying, yesterday announced profits before tax and extraordinary items of £16m on turnover of £345.21m in the six months to December

The group did not issue comparable figures for the same period in the previous year. Mr Peter Scott, chairman, said it would have been "ridiculous" to do so given that WCES had changed "so dramatically".

Last autumn WCES autumn was autumn to take autumn to take announced its intention to take full control of Carat, the Paris-

based media buying group, for £202m. It already owned half of At the same time it sold con-

trol of its original advertising interests to Eurocom, the French marketing group, for \$47.5m. WCRS now owns 40 per cent of EWDB, the advertising network formed by the deal, and in future will account for

Fully diluted earnings per share amounted to 9.7p. The board declared an interim dividend of 2.5p and intends to increase the dividend above the rate of earnings per share

growth in future years so that the yield is brought closer to the stock market average. WCRS will seek a listing on the Paris stock market by the end of the year and will then change its name to Aegis. Carat has been expanding outside France to establish a European media buying opera-tion. Mr Scott said that of its

\$3.4bn (£2bn) billings, \$1.3bn come from France and \$300,000 from West Germany. It also has significant interests in Spain, Italy, Belgium and the Last month it approached the French government for permission for Carat to handle EWDB's media buying in France. A decision is expected next month. The French gov-

ernment has also begun an

inquiry into the French media

buying scene, which should be completed in 18 months. WCRS's shares were unchanged at 259p yesterday. Ms Lorna Tilbian, advertising analyst at Warburgs, said the City would be uncertain as to how to judge WCRS's perfor-mance until comparable figures were available. She forecast pre-tax profits of £71m and earnings per share of 36.3p for the full financial year.

# DG Durham in the black

ALL DIVISIONS contributed to the pre-tax profit of £1.1m achieved by DG Durham Group, USM-quoted insurance and reinsurance broker, for the year to December 31. There was a £202,000 loss previously.

Mr Richard Read, chairman, said the result justified the board's policy of consolidating the businesses after the 1988

were still being experienced, he said, in disposing of interests in property occupied by former subsidiaries.

Tornover advanced by 27 per cent to £9.1m "despite difficult market conditions". The directors are recommending a final dividend of 1p for a 2p (1p) total. Earnings were 5.2p (2.4p loss) before goodwill amortisa-

# Silentnight loses sleep over Lowndes tie-up

drop in pre-tax profits on its disastrous tie-up with Lowndes Queensway, the loss-making furniture and carpet retailer. In the year ended February 3

1990 the group made profits of £7.4m (£11.1m), in line with the warning it gave last December. Turnover, however, rose by 25 per cent to £159.2m (£126.99m). The shares stayed at 76p. The final dividend is cut by

2p to 2.75p, making the total 5p (7p). Earnings per share fell 30 per cent to 10.75p (15.37p). Mr Christopher Burnett, chief executive, said the com-pany had lost "several mil-lions" overall in trying to establish a direct delivery operation with Lowndes, which saw its shares suspended in August while a refinancing package was worked out.

Silentnight undertook to deliver beds direct to consumers' homes in exchange for Lowndes purchasing 80 per cent of its bed range from the

SILENTNIGHT Holdings, the bed and furniture manufacturer, has blamed a 33 per cent and its problems public in August, two months after the service began, but carried on trading with Lowndes and providing the service until Febru-

ary of this year. Mr Burnett said: "This had two effects. First, it meant that the distribution was done very inefficiently and, due to the strain put on warehousing and transport resources, it also affected the service levels to other customers. Second, because the vast majority of Lowndes orders turned out to be at the bottom of the range in terms of price, the margin in no way covered costs when operating in this inefficient

Mr Burnett added: "We still believe in the direct delivery concept, but we picked the wrong retailer with which to build the service, though, in our defence, their financial problems were unknown to us at the time

Silentnight said its second main problem was with upholgroup. It postponed investment stery. A new three-piece suite turned out to be a best-seller, but the fabric came from the US and was on 12 weeks delivery. The sudden demand for the suite meant the factory operated well below capacity until the fabric supply caught up with demand.

Last year turned out to be a mightmare for Britain's biggest manufacturer of beds. Direct delivery was always going to pose severe management challenges, but the untimely link with debt-laden Lowndes turned a high-risk strategy into fiasco. Claiming these prob-

sumer spending downturn. That may well be true so far, but the combination of higher mortgage rates and poll tax payments seems likely to hit high-ticket items such as beds and furniture sooner than later. Analysts predict profits next year of £8.5m and earnings of 12.1p, which puts the shares on a modest multiple of just over 6. That is underpinned by a prospective yield of 9.8 per cent, but investors who wish to sleep easy are likely to give Silentnight a wide berth for the immediate future.

# Wace shrugs off uncertainties with £22m

WACE GROUP, the acquisitive pre-press services and specialist printing company, shrugged off the uncertainties surround-ing its sector and reported more than doubled pre-tax profits of £21.8m in 1989, up from £10m in the previous

Mr John Clegg, managing director, said that 1989 had marked the group's transition from a smaller UK company into a medium-sized international public group. Wace pany in the world in the highly-fragmented pre-press industry with a market share of over 2 per cent. Turnover was strongly

ahead at £159.15m (£70.42m). Almost 60 per cent of sales were from the UK and the rest derived from the US.

Mr Clegg was particularly pleased that earnings per share had advanced by 58 per cent to 26.5p (16.8p restated). About half of the earnings growth came from 10 acquisitions. The final dividend is lifted to 5.75p increasing the yearly pay-out by 88 per cent to 7.5p

During the year, Wace spent 227.3m on capital expenditure and has now completed its new headquarters and pre-press facility at Shepherdess Walk in London. This will enable it to sell several freehold properties which might raise upwards of £15m.

Last September. Wace raised £44.6m through a two-for-seven rights issue. However, less than 20 per cent of the shares were taken up as the stock market slumped. Although Mr

that the rights had not met a more encouraging response, he added that it had left the group in a very strong strategic position. At the year end, Wace had net cash of £7.5m and net assets of £103m, amounting to 164p per share.

Investors who were badly singed by backing the entrepreneurial glamour groups of the 1980s might dismiss Wace pen. It has all the classic ingredients: a flamboyant entrepreneurial managing director, an explosive growth pattern; a hectic series of acquisitions; and heady talk of further expansion. But it might well pay investors to take a second look for Wace's differences to

Clegg said he was disappointed such companies are arguably more significant than the similarities. This year, for example, Wace has looked to the longer term. It has devoted much effort to strengthening its senior management and has also invested heavily in capital expenditure giving it a technological edge. The group's failed rights issue might have deflated its share price but it has significantly bolstered the balance sheet and will enable it to make the most of the difficompetitors and allow further acquisitive expansion, probably on the Continent. Pre-tax profits might rise to £32m this year giving a prospective rating of 10. For those able to suppress their natural suspi-cions, Wace looks an attractive

long term proposition.



7% Deutsche Mark Bearer Bonds with Warrants of 1989/1996 10% US-Dollar Bearer Bonds with Warrants of 1989/1996

Munich/Berlin.



# attached to

5%% swiss franc Bearer Bonds with Warrants of 1989/1996

Holding was increased by issuing new shares granting a preemptive right to our shareholders. As a consequence of this capital increase the Subscription Price for one share of DM 50 par value of Allianz Aldiengeselfschaft Holding to be issued upon exercise of the Subscription Rights represented by the Warrants originally attached to the Bonds mentioned hereafter shall be reduced in accordance with Section 7 of the Conditions of Warrants. As from April 11, 1990 (effective date) the Subscription Price is DM 1,639.

Aktiengesellschaft Holding



#### Central American Bank for **Economic Integration** (CABEI)

U.S. \$20,000,000

For the six months 11th April, 1990 to 11th October, 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 9% per cent. per annum, and that the st payable on the relevant interest payment date, 11th October, 1990 against Coupon No. 23 will be U.S. \$148.43.

The Industrial Bank of Japan, Limited

SUNBELT HOLDINGS S.A. Registered Office: 7, rue Pierre d'Aspett 1142 Luxembourg R.C. Luxembourg B18113 NOTICE TO THE SHAREHOLDERS

Notice is hereby given to holders of shares in SUNBELT HOLDINGS S.A. that an EXTRAORDINARY GENERAL MEETING will be held on the 30th of April, 1990 at the registered office in order to consider a proposal to restructure the share capital of the company in accordance with the following resolutions:

To give discharge to the directors who have resigned:Mr Erik Monsen whose resignation became effective from the 28th January, 1990, Mr Serge Tabery whose resignation became effective from the 28th of January 1990, Mr Richard Malfery whose resignation became effective from the 14th March, 1990 and Mr Thomas E. Saiter whose resignation became effective from the 28th March, 1990.

To consolidate the existing chara capital being 1.735,000 shares of USD 10. - each, by changing the shares' nominal value to obtain 173,500 shares of USD 100.- each,

To reduce the par value of USD 100,- each down to USD 21.39,- per share to reflect the write down of the value of the investments of Sunbelt Holdings' subsidiaries in the real estate market and to compensate their consequent losses,

To waive the shareholders' preferential subscription rights,

To authorise the directors of the Company within the limits of the authorised capital to increase the share capital from USD 3,711,165. by an additional 7,000,006 - to USD 10,711,171. by leeding 327,266 additional shares to rank paripassu with 173,500 shares as per resolution 2.

Shareholders should note that the three remaining directors of the Company have conditionally tendered their resignations and that, as a consequence if the resolutions 2-5 inclusive are not all passed then in addition the following resolutions will be put to the

To accept the resignations and to grant discharge to the three remaining directors, Mr Tor Andenaes, Mr Tore Diskerud and Mr John Graham,

To put the Company into voluntary liquidation and to appoint

Shareholders should note that certain of the loans advanced by third parties to subsidiary companies and for which the Company is guarantor are in detault, and that the respective lenders have already commenced proceedings to realise their security.

A memorandum to shareholders setting out all the proposals in A memorandum to statementures setting out all the proposals in detail is available from the Company at its registered office at 7, Rus Pietre d'Aspett, Lucembourg, and from the office of its principal US subsidiary Sunbeit Holdings inc from Gateway 426 North, 44th Street, Suite 375, Phoenix, Arizona 85006.

The Board of Directors



To the holders of Warrants

of Allianz Finance B.V.,

In March 1990 the share capital of Allianz Aktiengeselischaft

April 1990



Floating Rate Serial Notes due 1994

#### **UK COMPANY NEWS**

Three operational directors take daily control

# Mrs Fields recovers to \$1.5m

MRS DEBBI FIELDS and her husband Randall, founders of the Mrs Fields cookie and bakery empire, have decided to delegate day-to-day manage-ment of the group to three operational directors.

The group yesterday announced a recovery from the disastrous 1988 performance, when it lost nearly \$19m after an ill-judged expansion of the US cookie chain. In 1989, Mrs Fields, which is quoted on Lon-don's USM although most of its sperations are in the US, made \$1.53m (£940,000) before tax, on turnover of \$130m (\$120m).

Key management responsibility is now in the hands of Mr Larry Holman who ledned

Mr Larry Holman, who joined as senior vice president last October, Mr Paul Baird, direc-tor of operations since March 1989, and Mr Tim Pierce, vice president of finance. They sit on a newly-created executive committee with Mr and Mrs Fields, still chairman and president respectively.

The first indication that the first indication that the

founders were loosening hold on the reins came in January, when a licensing agreement-with Marriott Corporation was announced. It allows Marriott to produce and sell Mrs Fields products through its stores. "It is the first time Debbi has

let the name go - it is her baby," said Mr Baird. The group said it had cut



Mrs Fields' Marriott link should involve opening 60 more outlets

corporate overheads from \$19.2m to \$16.1m, although interest, depreciation and amortisation charges rose again from \$14.6m to \$18.8m.

The Marriott agreement, which should involve the opening of at least \$0 new Mrs. ing of at least 60 new Mrs Fields outlets in the next five

years, is one example of the group's new strategy of brand-name exploitation. Mrs Fields reported earnings of 1 cent per share last year, against a loss of 12.7 cents, and has yet to resume paying divi-dends. The profit included an exceptional gain of \$1.21m.

# **Dowding &** Mills lifts profit 25%

By Jane Fuller

DOWDING & MILLS, the electrical and mechanical repair company, returned a 25 per cent increase in pre-tax profit to £5.6m for the six months to December 3L. Sales, which are 80 per cent

in the UK, advanced 13 per cent to £35.87m, demonstrat-ing that it had so far weath-ered the tougher economic cliered the tougher economic ci-mate. Mr Jim Cole, chief executive, said the company had continued to improve mar-gins by controlling overheads and improving efficiency, and the results included a good first contribution from an Aus-tralian accordation tralian acquisition.

The group was insulated to some extent against trading difficulties in the UK by its spread of customers, from power stations and car plants

in February, the company acquired Microwave Systems, which was expected to contrib-ute a few hundred thousand pounds to the full-year results. A month earlier it also bought Calibration Systems.

Mr Cole said year-end gearing was expected to remain

below 10 per cent. Earnings gained 20 per cent to 3.65p. The interim dividend is 1p (0.8p) and the company said the final dividend should

# Reshaped Godfrey Davis at £21m

By John Thornhill

GODFREY DAVIS (Holdings), the car dealing and laundry group which pulled out of a takeover bid for Sketchley earlier this year, reported a 26 per cent profit improvement in 1989.

Pre-tax profits grew from £17.06m to £21.52m on turn-over 19 per cent ahead at £303.67m (£256.39m) as all the company's divisions reported improved perfor-

The results were exactly in line with the forecast made with the bid for Sketchley. and the shares held steady at 142p yesterday.

Godfrey Davis's businesses were substantially reshaped during the year. The plastics division of Falcon Industries was sold in April and three acquisitions were made in the workwear, catering and laundering fields. These did not make any contribution at

the pre-tax level.
Mr John Ivey, chief executive, said the Sketchley bid had largely been an opportunistic move which did not alter the group's overall strategy of disposing of its motor-related businesses. We think the right way ahead is to dispose of those

areas of the business which we signposted during the Sketchley bid and to reinvest the proceeds in the service area concept" he said.

Godfrey Davis's interests in textile maintenance were the strongest contributor to profproducing £11.13m (£9.23m) at the pre-tax level. Site services advanced strongly to £4.6m (£2.55m) while support services grew to £1.1m (£558,000).

The company's interests in the motors field – compris-ing of four Ford motor dealerships and a contract hire fleet of 12,000 vehicles

reported pre-tax profits of £10.16m (£7.86m). Mr Neil Benson, chairman,

said the board took a cautious view of the year ahead but was hopeful that the impact of a weakening econ-omy could be contained to a minimum allowing continued progress, albeit at a more modest rate.

An extraordinary gain of £3.31m (£12.8m) resulted from property disposals. Earnings (15.16p). A final dividend of 5.25p is recommended to bring the total to 7.85p

# Wardle Storeys falls further to £5m

PRE-TAX PROFITS of Wardle Storeys, the plastic sheeting and survival equipment group, were down again in the six months to February

At £5.03m, they were £800,000 lower than in the comparable period, which in itself marked a sharp reversal in the company's earlier strong growth record.

However, Mr Brian Taylor, chief executive, stressed that the results represented a big improvement on the second half of last year, with profit after exceptional items and earnings per share more than trebling from levels seen at that time.
Mr Taylor said corrective

action, outlined when the full-year figures were announced last November, was "more than ever applicable and . . . being pursued with vigour." This included the reappraisal of stock and efficiency drives, as well as a management shake-up which gave rise to sweeping board

changes. The interim dividend is unchanged at 4p. Earnings per share were 13.2p (15.3p). Turnover was £40.59m (£39.23m). The technical products (plastics) division made oper-

ating profits of £2.49m (£3.23m). Industrial action by UK car workers hit sales to the automotive industry, more than offsetting the benefits of volume recovery in the industrial marketing activities. This came after a

fall in volume last year as European competition stepped up. Mr Taylor said activity was

it remained difficult to recover cost increases by way of price rises. The second half would see significant capital expenditure.

Safety and survival equip-ment put in £736,000 (£1.02m). Mr Taylor said RFD Inflatables had yet to feel the full benefits of corrective action, which included increased spending on product develop-ment, taken last year. But GQ Parachutes had an excel-lent first half and, with a strong order book, the outlook was encouraging.

# **Sherwood Computer in** profit again with £2m

By Alan Cane

loss-making activities returned Sherwood Computer Services to profit in 1989 following a

disastrous 1988. The company, which develops computer software and systems with a heavy emphasis on the insurance and financial services markets, reported pre-tax profits of £2.02m for the year, compared with a loss of

£1.96m in 1988. Turnover, however, was down to £25.4m from £26.53m, reflecting the disposal of unprofitable parts of the busi-

Fully diluted earnings were 25p (loss 36.8p). The final dividend is 3.75p for a total of 4.5p. No dividend was paid previ-

Principal reason for the turnround in the group's fortunes was the disposal of Sherwood Mitronix, a subsidiary specialising in motor insurance systems, that lost £920,000 in 1988 and a further 2520,000 in 1989. It was sold to Policymaster for an initial £150,000. The company area disposed of a jointly developed product, Slip-stream, to its joint developer, the consideration was about £750,000 more than the revenue the group was expecting from

which deals with software for local authorities, was returned to profit following a deal with International Computers (ICL). This provided for the replace ment of Sherwood products dealing with rent, rates and housing benefits with ICL systems. Sherwood is also mar-keting ICL's community charge software to its local authority customers as part of

Mr Richard Guy, chief executive, pointed out that the finan-cial services division, which had suffered a loss in 1989 as a result of general softening in the sector, was now performing well. The group was collaborating with the major Anglo-French computer services company Sema to market personal pensions in Spain in a deal worth about 52m over deal worth about £2m over three years, and with Metamorphosis in Australia in a similar deal worth £1.3m over three

The group's commitment to Unix operating system is shown by an investment of £2m in Sceptre, a modular insurance systems developed for Lloyds underwriters.

# RIGOROUS PRUNING of product sales in 1989 of £0.4m. Sherwood Public Services,

# **General Accident**

# Financial Highlights 1989

- Shareholders' funds up 32% to a record £2,552m
- Pre-tax profits of £147.0m despite the impact of Hurricane Hugo and other major catastrophe losses (1988: £294.lm)
- Investment earnings up 31% to £462.7m
- Life profits substantially higher at £26.9m
- Net assets per share up from 915p to 1198p
- Earnings per share 65.3p (1988: 107.6p)
- Total dividend up 13.6% to 50.0p per share
- General premium income up 21% to £3,100m
- Life premium income up 30%

# 'Difficult trading' sees Albert Martin fall 42%

ANOTHER EXAMPLE of the downturn in the UK clothing industry was yesterday pro-vided by Albert Martin Holdings, a supplier to Marks and

Spencer.
In 1989, the Nottinghamshire-based group sustained a
42 per cent decline in taxable
profits, from £2.77m to £1.61m,
on turnover ahead 12 per cent
to £69.11m (£61.61m).
The company blamed the setbask on increasingly difficult

back on increasingly difficult trading and the effect of inter-est rates on consumer confi-

Net interest charges reflecting implementation of the group's investment pro-gramme; directors stressed, however, that working capital had been kept under control. Earnings per 20p share dipped to 6.6p (14.2p), and the recommended final dividend is cut to 2.4p for a total 0.75p lower at

An extraordinary charge of £987,000 represented rationalis-

In his Annual Statement to shareholders, the Chairman, The Earl of Airlie, pays tribute to Mr B. C. Marshall, who retired as Chief General Manager of General Accident on 31st December 1989. Lord Airlie says: "Over a period of more than eight years under Mr Marshall's leadership, the Corporation achieved outstanding business development and financial growth." Mr W.N. Robertson has been appointed Chief General Manager in succession to Mr Marshall.

The Chairman also welcomes Mr Barrie Holder to the Board. Mr Holder was appointed a Director and General Manager of the Corporation on 1st April 1990.

Referring to the Board's policy of dividend progression, Lord Airlie says this takes into account not only the earnings fluctuations experienced in the composite insurance market but also the Corporation's financial strength and the underlying quality of its insurance portfolios.

Lord Airlie concludes his Statement on a confident note: "Despite more difficult market conditions, and the occurrence of further storm losses this year, the Corporation is, with its strong financial base, well placed to face the future with confidence."

66 The new decade promises a period of significant change, which will affect many of the markets in which we operate. Our strategies and structures are accordingly under comprehensive review, to support further profitable advancement based on the considerable financial strength of the Corporation. ?? NELSON ROBERTSON, CHIEF CENERAL MANAGER

In his Operational Review for 1989, Mr Nelson Robertson, Chief General Manager, says that adherence to a disciplined yet responsive approach to underwriting has enabled General Accident to absorb adverse developments in the UK market without a serious effect on overall performance. This approach will continue within a strategy designed to achieve profitable growth whilst maintaining high standards of customer service.

Mr Robertson also sees signs for encouragement overseas. General Accident has again outperformed the market in both North America and the increasingly important Pacific region. And with new branch offices planned for Portugal and Spain it will be established in all the principal European Community markets.

Life operations had a good year, Mr Robertson says, with increased bonus declarations ensuring that General Accident policyholders continue to share in the prosperity and strength of its Life fund. Estate agency operations, on the other hand, had a very difficult year, although they continue to produce a substantial volume of new life assurance business.

Mr Robertson concludes on a cautious but confident note. The prospects for early underwriting improvement are uncertain but the Corporation remains well placed to benefit from any upturn in the market, he says-



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PROFIT BEFORE TAXATION

**EARNINGS PER SHARE** 

# UK COMPANY NEWS

# Murray Gordon to stand down from Era board

By Nikki Tait

MR MURRAY GORDON, the former chairman of Combined English Stores who moved in as chairman of Era Group in late-1987, yesterday announced that he was resigning from the troubled specialist retailer's

Only a week ago, after a long and angry shareholders' meet-ing. Mr Gordon claimed that he had no intention of leaving the group. This was despite the fact that Mr David Roxburgh and Mr Pat Hammond-Turner, two of his former CES col-leagues who joined Era at the same time, had announced they would be resigning in

Era has been in the spotlight because of the severe down-turn at its Lexterten furniture subsidiary - currently making substantial losses - and because of its disposal plans for this business. At the EGM, there were attacks on the board's management, the rise in overheads and increasing

ALEXANDRA Workwear, the largest workwear manufac-

turer in Europe, announced a 20 per cent rise, from 26.3m to 27.5m, in pre-tax profits for the 53 weeks to February 3.

After a tax charge nearly 3 percentage points lower at 31 per cent, earnings per share

increased 23 per cent to 15.4p (12.5p). The final dividend is lifted to 3.1p, making 4.7p (3.9p)

for the year.

Mr John Prior, chairman, said it had been an "interesting" year. Sales had been slow

during the long summer but

had picked up strongly in the autumn and this had contin-

In spite of the gloomy sig-nals coming out of some sec-tors of the UK economy, Alex-andra had seen good demand from a broad spread of custom-ers including those in the retail trade. About 20,000 active

accounts were added during

the year, excluding sales for

ued into 1990.

Alexandra Workwear up

20% overall to £7.5m

Mr David Llewellyn, a co-founder of Lexterten who left Era shortly after the former CES team arrived, also claimed

the wake of the EGM, he said the "company was in wonderful hands", but, shorn of Lexterten, was now too small for his team.

One of the new non-executives, Mr Anthony Fay, said that the news had come at a board meeting late on Monday. That, he maintained, had been a amicable affair and he had been surprised about the timing of Mr Gordon's decision.

Like his two former CES colleagues, Mr Gordon has no to have offered a better price for the furniture company than the management beam, whose deal the board had recomof an extended argument between Mr Llewellyn and Mr Gordon at the meeting, although the sale to manage-ment was eventually voted

leagues, Mr Gordon has no contract with Era, so there will be no severance pay. However, through.

A number of institutional investors have also privately expressed concern about the group, which is now expected to pursue capital reconstruc-

he will remain a consultant to the group for 18 months.

Mr Fay, who takes over as chairman, said that the ramu-neration for this work-would be roughly in line with Mr Gor-don's current salary. In 1988, Yesterday, Mr Gordon said that he had made the decision in the wake of the Lexterten sale and that he, together with his two former CES colleagues, had "other business interests" to pursue. Given the appointment of three none beard in he took a fairly modest £33,800; the 1989 accounts have not yet been published.

Mr David Binger, one of the two executive directors left on the board, becomes chief execdirectors to the Era board in

Britannia -

Group rises

to over £3m

Pre-tax profit at Britannia Group rose from £2.44m to £3.04m in 1989. That repre-sented growth of 24 per cent on turnover ahead 26 per cent

to 236m, from £28.6m.
The directors said there were signs, particularly on the development front, of a slow-

ing down of commercial and industrial activity, and a less favourable climate for develop-

However, the order book for

construction was good and with further major projects due to start later in the year,

prospects for construction

were promising and should mitigate any shortfall in devel-

mitigate any shortrall in dever-opment profits.

The metal fabrication sub-sidiary did not perform to expectations and will be sold.

The joinery and fencing com-panies made satisfactory con-tributions.

A final dividend of 3.8p

makes 5.7p (4.5p) for the year, from earnings ahead 3p to 16.9p. Tax took £1.12m (£0.87m).



Richard Holland: second trambone in the Boosey orch

# Instrument growth lifts Boosey to record £2.46m

THE IMPROVEMENT in its instrument division continued to be the main factor in profits growth at Boosey & Hawkes in 1989.

Operating profits were now not far behind those of music publishing, said Mr Ronald

Record figures were achieved in the year, with turnover rising from £41.37m to £47.24m and pre-tax profit from £1.77m to £2.46m; thereby continuing the progress of the last four

years.
Earnings came to 37.2p
(31.5p) and a final dividend of
9p is proposed, which lifts the
total from 10p to 12.3p.
Mr Asserson said-publishing
enjoyed another progressive

year with a number of notable performances. Two new compa-

nies were formed aimed at developing the interests in popular and gospel music.

The instrument division ben-efited from the high capital investment of recent years, and in perticular there was an outstanding performance from the woodwind factory near Paris. The Edgware factory also made further significant

progress.

Further progress was expected in the current year. There had been some major realign-ments of currencies which, if continued could have an aliverse effect, he warned.

Mr. Asserson is rettring at the said of the year. Mr Walter Comion will succeed him and

Mr Richard Holland will become deputy chairman.

# director last week. The com-pany said his departure was entirely amicable. cash at the company's shops. Turnover improved 20 per 30% gain by Lloyds

about 50.

A STRONG interim performance at Lloyds Chem-ists resulted in a pre-tax profit advance of 30 per cent, from

**Chemists** 

cent to £59.27m (£49.4m). Within this, the UK put in £56m (£46.8m). The bulk came

from specialist sales while retail shops put in £8.55m (£6.46m). Sales to the EC were up at £2.96m (£2.25m), while elsewhere was down at £304,000 (£329.000)

The year saw the company's new Paris office and shop begin operations. The film cost of establishing it is being

treated as an intangible asset in the balance sheet. Mr Prior

said this reflected the

long-term benefits associated

with setting up a database, the chief part of the cost.

during the year and since the period-end a further three have been opened, bringing the total to 30. Mr Prior said it was

planned to increase this to

Mr Anthony Harris resigned

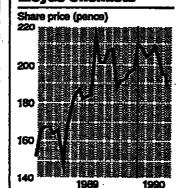
from the post of commercial

Three new shops were added

£3.94m to £5.12m. Mr Allen Lloyd, chairman, said higher gross margins had been the key factor in achiev-ing a 40 per cent advance in operating profit to £6.2m for the six months ended December 31 1989.

Benefits had come from the previous acquisitions and the increase in sales of own label products - now 1,079 lines. The increase had more than

Lloyds Chemists



offset higher interest charges caused by rising rates and fur-ther borrowings on the acquisitions. Turnover was up from £66.98m to £89.49m.

Earnings for the period were 6.91p (6.17p). The interim divi-dend is raised to 0.78p (0.65p). The Midlands-based group now operates 495 stores, of which 855 are chemists and 140

drugstores. So far in the second half chemists sales were ahead by 12 per cent and drugstores sales by 18 per cent.

Mr Lloyd anticipated that the inherent resilience within the chemist sector would continue during the coming months.

There had been little adverse affect as a result of the fire in mid-February which destroyed the toiletries and paper prod-ucts warehouse at Atherstone.

#### High interest cuts Blockleys growth

Blockleys, a maker of bricks and paviors, lifted pre-tax profit from £5.24m to £5.37m in 1989, in spite of the sudden and severe reduction in building industry activity early in the second half.

The year saw an encouraging increase in operating profit from £5.73m to £6.43m on turn-over of £17.81m (£17.43m). That was primarily the result of strict control of unit costs and increased production volume. Interest charges, however, took their toll, more than doubling to £1.06m (£493,000). The directors said until

interest rates showed some signs of reducing, they could not expect sales volume to increase significantly.

Earnings worked through at 14.03p (13.89p). The final dividend is 2.86p making the total 4.81p (adjusted 4.35p).

#### Le Creuset beats retailing downturn

Le Creuset beat the retailing downturn in 1989 with a 38 per cent rise in taxable profits from £1.94m to £2.87m on turn-over up 19 per cent from £26.1m to £31.09m.

The results were well ahead of those expected at the time of the company's debut on the USM in July. Le Creuset's range of cast-iron cookware is sold in over 25 countries. It attributed the advance to etrong organic growth achieved through aggressive marketing and product innova-

Operating profit rose to 23.47m (£2.67m) and tax took 2370,000 (£6,000). A dividend of FFr0.24 is being paid for the year on earnings per share of 12,6p (10.7p).

**NEWS DIGEST** Style rises 33%

to near £4m Style, the multiple footwear pre-tax profits advance by 33 per cent in the year ended Feb-

11 per cent. Profit came to £3.99m (£3m) after net interest payable of £1.98m (£1.98m) and taking in other income of £863,000

ruary 3 1990 on turnover ahead

(£976,000). Turnover rose to £74.06m (£66.77m). After tax of £1.06m (£0.74m) earnings were up to 14.52p (11.13p). The dividend is

raised by 2p to 9p.

The group's properties were professionally revalued on an open market value for existing use basis at £104.4m.

#### Acquisitions boost Seafield to £3.4m

In a year of major transition Scaffeld saw an improvement in earnings and believed it had

a base to provide further growth in spite of difficult conditions in the property market.

There was a significant contribution from Charterhall Properties, acquired last October. It accounted for 27.77m turnover and \$2.11m pre-tax profit out of the 1989-group. profit out of the 1989 group totals of £13m and £3.4m respectively. Comparisons for

1988 were £7.2m and £882,000.
All trading activity takes place in the UK and results are expressed in sterling. The businesses in Ireland have been discontinued. Earnings came to 9.8p (5.2p).

The final dividend on increased capital is 2p to make

#### Celestion Industries. nearly out of red

Celestion Industries, the ciothing and loudspeaker manufac-turer, just missed returning to profit in 1989.

The group incurred a loss of 223,000 for the 12 months, against a deficit of 21.96m in the nine months to December

31 1988. Turnover was £26.59m

Directors propose to raise the dividend from 0.75p to 1p.

Losses per 20p share emerged at 0.1p, against 7.4p last time. They highlighted the perfor-mance of the reorganised Celestion Audio division where profits rose from £26,000 to £820,000 on sales of £14.6m

#### Interest rates hit **Dagenham Motors**

High interest rates throughout and a difficult last quarter hit Dagenham Motors Group, the Ford dealer, in 1989. Pre-tax profit fell from 24 4m to 23.54m. Mr David Philip, chairman, said demand for used cars fell in the last quarter along with an even more dramatic drop in the value of used commercial vehicles. Margins were reduced on cars and most of the commercial stock was eliminated.

so depressing profits.

New car sales rose 16 per cent, income from the sale of finance and insurance products increased 24 per cent, and the service and spares side pro-duced 29 per cent more profit; the latter now accounted for over two thirds of total profit. over two thirds of total profit.
Turnover came to £128.2m (£105.8m) and trading profit to £4.85m. (£4.9m). Interest charges surged to £1.32m (£867,000). Earnings per share were 14.5p (19p) and the final dividend is 3.75p for a total of 5.25p (5p).

Trading in the first quarter of the current year had been satisfactory, Mr Philip said.

Halifax Building

Society Hosting Rate Loan Notes 1992

For the three month period from 10 April, 1990 in 16 July, 1990 the Notes will bear Interest at the rate of 15.3125 per cent. per armain. The Coupon amount per \$5,000 Note will be £190.85, plyable on 10 July, 1990.

Macronn Grandell Morgan Grenfell & Co. Limited

#### The Pillsbury Company U.S. \$100,000,000 10%% Notes Due 1993

Pursuant to a tender offer and consent solicitation, dated as of February 27, 1990, by The Pillsbury Company, in which, as of March 27, 1990, \$69,570,000 of the aggregate principal amount of the above-referenced securities were tendered and \$30,430,000 of the securities remain outstanding, the valid consents to certain amendments by a majority of the holders of the securities have been given. On March 27, 1990 an amendment to the securities issued under the Fiscal Agency Agreement, dated as of September 25, 1985, was executed. A copy of the amendment is available for inspection at the offices of Citibanh, N.A., as Fiscal Agent, 120 Wall Street, 13th Floor, New York, New York 10043 and Citicorp Investment Bank (Luxembourg) S.A., as Listing Agent, 16 Avenue Marie-Thérèse, Luxembourg.

#### SUN LIFE GLOBAL PORTFOLIO SICAY)

Registered Office: 14 Rue Aidringen, Luxembourg RC Luxembourg Section B No.: 27526

Dividend Amountement

The Board of Directors announce that a dividend of 8.4 pence per Share will be paid on 12 April 1990 to the Shareholders of record of the Haven Fund as at the close of business on 28 February 1990.

The Board of Directors

# WOODROW

**PRELIMINARY ANNOUNCEMENT** 

**OF 1989 RESULTS** 

Year ended 31st December 1989

**Financial Highlights** 

Proposed final dividend of I2.2p

(1988 9.9p) making an increase

for the year of 24%

The 1989 Annual Report will be posted to shareholders on 30th April 1990.

To reserve a copy, telephone 0932 568833

RMC Group p.l.c.

International Headquarters, RMC House, Coldharbour Lane, Thorpe, Egham, Surrey TW20 8TD. Operating internationally in Austria, Belgium, France,

Holland, Hungary, Israel, Portugal, Republic of Ireland,

Spein, United Kingdom, USA and West Germany.

1989

PROPERTY · CONSTRUCTION · HOUSING · TRADING

# Preliminary results

- 29th consecutive year of record profits
- Investment property portfolio up by £119.3m
- Substantial increase in proposed dividend
- Strong performance from property
- Improved results from international construction
- International housing strength

Turnover

Pre tax profit

Earnings per share

Dividend per share

"Adjusted for the 1 for 1 capitalisation issue made in 1989.

Record results from trading activities

Mr. Peter Drew OBE, Group Chairman commented: "We expect 1990 to be a tough year but we face the current economic uncertainties with a modestly geared balance sheet, a first class team, a high

quality property portfolio, broadly based businesses and long established overseas companies which are showing considerable growth." Results at a glance

£1,321m

£116.9m

23.7p

9.0p

£1,260m

£103.3m

20.8p\*

UP 4.8%

UP 13.2%

UP 13.9%

UP 20.0%

# TAYLOR WOODROW

A strong performance from a powerful team Achieved through free enterprise and teamwork

# **FINANCIAL TIMES**



An attempt is being made to turn South East Wales into a leading financial centre that will

strengthen the principality's economy and play a wider role in global business affairs.

Anthony Moreton investigates the success achieved by the initiative ·

# **Foundations** for an empire

TWO years ago Mr. Peter Walker, Secretary of State for Wales, invited 10 of the great and the good in the City of London to a finner at the Guildhall in the heart of their patch to tell them of his plans to develop South East Wales as

10rd £2.4

patch to tell them of his plans to develop South East Wales as a leading financial centre.

Two years on, Mr. Walker will host another dinner, this time in Lancaster House, to report that strong progress had been made, and that the tittle-tive will be extended.

That South East Wales is

ve will be extended.

That South East Wals is now a magnet for companes in the financial services sector can be seen from a list of hose who have arrived N.M. Roths child, the merchant bant, is perhaps the five star name but National Provident Institution. Banque Nationale de Puis, TSB's general insurance con Société Générale, Poble Lowndes, Dun and Bradsteet, Sedgwick James, Willis Wrightson and D.C. Gariner have opened or taken over

operations in the region... This has led to a significant increase in numbers emplyed in the sector. Over the past two years some 3,500 jobs have been created in the industry. A large proportion of these have come from the 20 companies that have moved into the area,

CHILTERN

DECISION

PROJECT: Location of first UK

NPI\* ATIONAL PROVIDENT INSTITUTION DECISION Cardiff 1988

RADJECT: Staffing and echmmodation needs of a leading te insurance business with ulstantial growth plans RITERIA: 77,000 sq.ft offices. City centre site. 500 people. Quality environment Strong local support Communications.

PROJECT: New branch office offering a full range of merchant

CRITERIA: Fast growing local economy. Banking and corporate

Newport 1987 PROJECT: Relocation and expansion of General Insurance

CRITERIA: Up to 300,000 sq ft purpose built offices. 2,000 people.

Ease of communication. Scope for

DECISION

Cardiff 1989

communications.

banking activities.

finance opportuniti

Division.

CREERIA: Market for. specifist taxation services. impresive record of commercial

regional office.

but native players have also played a part. Mr Walker likes to point out that there are now more than 70,000 employed in financial

services throughout Wales but Mr Phil Morgan, head of the financial services initiative at the Welsh Development Agency, which is orchestrating the campaign to boost the sec-tor, adds "that figure will be over 100,000 before the 1990s are much older

are much older".

Cardiff has for the past two decades had a small financial sector, the origins of which can be traced to the Commercial Bank of Wales, set up in 1971 by Sir Julian Hodge. Sir Julian "not only showed it was possible to operate in Cardiff and succeed," says Mr Tim Rees, partner in Cooners & Lybrand partner in Coopers & Lybrand Deloitte, "but also that you did not have to go to London to buy the best advice." Even before Sir Julian Hodge

there was the nucleus of a financial empire. The mediumsized Principality Building Society - 29th largest in the building society league - has been in the city since 1860 and there is a small society, the Monmouthshire, in Newport. More recent incomers before the Walker initiative include Chemical Bank, which arrived



# South East Wales

# FINANCIAL AND PROFESSIONAL SERVICES

seven years ago with a back-of-fice operation, Chartered Trust, a wholly-owned subsidiary of Standard Chartered, which employs more than 1,000 in Cardiff and the AA's insurance services.

Recent years have also seen the strengthening of all the other professional activities: only Arthur Andersen is miss-ing from the leading accountants and there are at least four leading law firms that undertake any of the work done in London. "There is no need to go outside for the very best advice," says 3i, formerly

Investors in Industry, director, Mr Chris Rowlands. Last month 3i was involved in two management buy-outs, each around £2m - Oakley Evans, based in Birmingham, and Hilti Contracts, a Manchester concern - in which all the work was done in Cardiff.

The strength of the financial sector is based on easy commu-nications with the rest of Britain, ample labour supply, low staff turnover, much lower costs than in the south-east of England, new buildings andthe fact that Cardiff is a centre of government. "Its role as a home of government is vitally important," says Mr Roger Paine, Cardiff's chief executive: "It gives enormous stability to the city and puts us on a par with Edinburgh."

Low labour turnover is

highly important in attracting new companies, he believes. "The demographic factor is perhaps our most important attribute," says Mr Phil Morgan. "There is a latent pool of labour that is being topped up by incomers. Rates of activity among women are probably 40 per cent below the national average so it will be a long

time before we see shortages of labour emerging."

It is economic factors such as these that have led incom-

ers to enthuse about the economy: "The opportunities are greater in Cardiff and Wales than elsewhere," says Mr Glynne Clay, managing direc-tor of N.M. Rothschild's Cardiff office. And Mr Stephen Wood, regional director of insurance broker Sedgwick James, believes that conditions in South Wales are ripe for a big

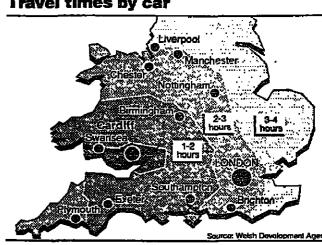
expansion. So far the financial services initiative has brought greatest

#### In this survey

□ Banking; Broking; Venture capital

☐ Accountancy; The law; Population trends ... ☐ Profiles: Companies House and ECGD; The newcomers.

Travel times by car



economic benefit to Cardiff. Newport has not gained nearly as much, to a considerable extent because it has not been flush with modern in town offices, a situation that is now being rectified.

The town, however, has

good, modern out of town sites and among its captures have been TSB, which chose Newport for its general insurance arm after looking at 60 other places around the UK, and the Patent Office. The Welsh Development Agency is paying particular attention to Cleppa Park in Newport, as well as sites in Cwmbran and Ponty-

pool just outside.
The WDA's Mr Morgan
believes development of edgeof-town sites will help South East Wales avoid the errors of places such as Bristol and Reading which have sucked incomers into their centres, thereby helping to recreate the sort of conditions companies have fled from in the London

Cardiff, in particular, is for-tunate in having some 2,700 acres of former docklands on the point of being developed. Plans outlined by the develop-ment corporation masterminding the transformation of this run-down area postulate between 3m and 4m sq ft of offices being built, providing

up to 16,000 jobs.

But if the area is to have financial "bottom", individual industrialists also have a role to play. In particular, their level of financial sophistication has to be improved.

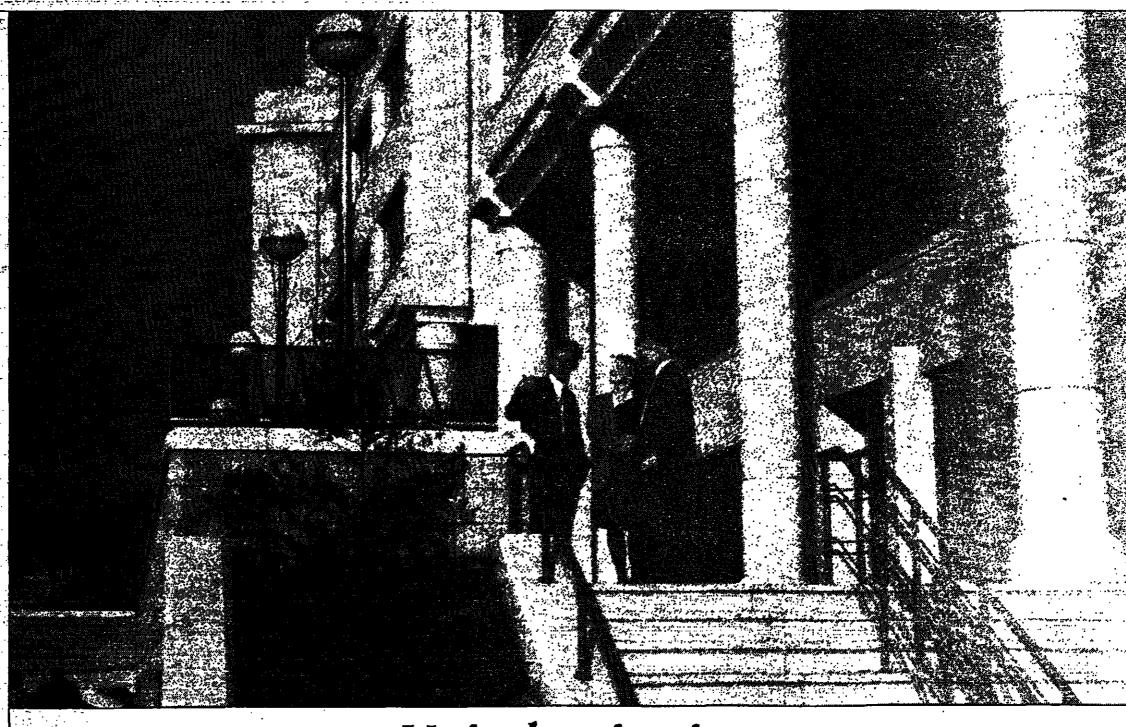
Too many companies and too many industrialists take the easy, short-term view of their operations. Instead of develop-ing their businesses long-term to the point where they can get a stock listing, many sell out at the first substantial offer. The number of listed companies can almost be counted on the fingers of two hands and few seem to want to emulate AB Electronics or steel-products group ASW, which have grown into significant forces within their respective industries. The arrival of Welsh Water and the imminent arrival of South Wales Electricity, as large, locally-based concerns should help the financial infrastruc-

ture enormously. Another weak point is the provision of venture capital where, in spite of the success of 3i, demand is low. The Welsh Venture Capital Fund was set up several years ago but its expansion, long promised, has never materialised.

There are also too few internationally recognisable names like Rothschild. "We need much more representation from overseas if we are to have credibility as a financial centre," says Mr Morgan. "Once one comes, others follow."
He looks, slightly enviously.

at Birmingham, where one Japanese bank opened a represen-tative office and now there are half a dozen. He hopes part of the answer may lie in the creation of the European single market in 1992 which should offer "a great incentive for European banks to establish a presence in the region".

The foundations have been laid in South East Wales for the creation of a big financial services industry. More heavyweight names would help give the area "weight". Only then will it become the leading British financial centre that Sir Julian Hodge wanted to see and which Mr Peter Walker is equally keen to see achieved.



# Up in the nineties

South East Wales is on the up and up. It's easy to see why.

As a financial services location, the area offers many key advantages. Such as the important upward trend in the number of available staff, set to increase by 80,000 over the next decade. One of the lowest levels of skill shortages in the country. The wide choice of high specification office accommodation, at lar lower cost than those in London and South East England. And the active

co-operation between the public and private sector is creating exciting proposals for business park developments, along the M4.

The opportunities for an enviable lifestyle - with excellent housing, short commuting times, unrivalled leisure resources, easy access to some of the linest coastline and countryside in Britain and the first-class attractions of the vibrant, cosmopolitan capital city, Cardiff. The opening of the World Trade Centre Complex in Spring 1991, combined with the

extensive hotel, exhibition and conference facilities and the prestigious Cardiff Bay development will further boost the area as a major international centre.

The mood is upbeat. The sustained economic upturn, the strategic location and pro-business attitude are creating the optimum climate for success in the nineties.

To find out how your business can look forward to a brighter outlook in South East Wales, contact Phillip Morgan, Head of Financial Services on

(0222) 222666, or write to him at the Welsh Development Agency, Pearl House, Greyfriars Road, Cardiff CF1 3XX.



An initiative supported by 🐉 Cardiff Bay Development Corporation 🗯 Cardiff City Council 🔯 Gwent County Council 😩 Newport Borough Council 🗵 South Glamorgan County Council 👶 Welsh Development Agency

\_ ~ < 2551

PROJECT: Location of ndependent settlement company. CRITERIA: Availability of . skilled staff. Opportunities for expansion. Readily available office accommodation Good

# More muscle emerges

AT THE start of this month Robert White opened its doors for business in Cardiff, the first broker to begin operating in the city since Murray & Co, now part of Allied Provincial Securities, started in 1979.

White, the Edinburgh-based

broking arm of Hill Samuel, is being widely welcomed in Car-diff. "Its arrival is very good news for Cardiff," says David Jones of Brown Shipley Securi-ties, and Alied's Duncan Can-tley adds that "Cardiff is tley adds that "Cardiff is underbroked and the arrival of a newcomer is to be welcomed cause it puts muscle back into the city.

We have chosen Cardiff," says Barry Tyler, managing director of Robert White, "because the government's financial services initiative for the area has highlighted its strength. Investors outside Wales now realise you don't commit suicide when you cross the Severn Bridge and there is a growing confidence in the economy of South Wales." The welcome for White. which at the end of this month changes its name to Bell Lawrie White, following a

merger, also arises because there is a feeling it indicates a halt to the long decline the community has experienced in the Welsh capital. Mr John Downing, of NIG Lyddon, remembers when he started his broking life in 1956

there were 19 firms in Cardiff, four in nearby Newport and another five in Swanses. Apart from a NIG office in Swansea the four in Cardiff are all that remain. Mr David Jones rattles off their names: firms such as Littlejohn, Colin Mason, Clark Peacock and Robbins.

"This was a very lively area until the 1960s," Mr Duncan Cantley adds nostalgically . "Then rationalisation and ber right down to two - Lyd-don and Heseltine and Moss before we started Murray. My father was, at the time, a direc-tor of 14 listed companies. That gives an idea of the activity in South Wales. With one exception, they have all gone."
Lyddon is now part of the National Investment Group and Heseltine and Moss has joined Brown Shipley Securi-ties, like Allied Provincial part

of the groupings that have taken place since Big Bang

three years ago to protect the role of the regional broker.

Robert White is therefore arriving at a crucial time in the affairs of the South Wales economy. Hill Samuel has been gradually extending its regional broking arm to take account of the changed circumstances following Big Bang which saw London abandon private clients in many

> It has opened offices in Aberdeen and the City of London and last year pushed west as far as Cheltenham. "We are rar as Cheirennam. We are bringing a quality operation to South Wales," Mr Tyler says. "Our intention is to target spe-cific areas and seek to develop business within them.

"The traditional path for an investor when he wanted advice was to get on the phone to London. But London has become costly even where it is still offering the business and we intend to offer a quality service at a reasonable price.

Mr Duncan Cantley agrees that broking business will grow. "We have come out of a terrible period of demoralisation as our industries collapsed. Of the 14 boards my father sat on only one, AB Electronics, now exists. But as the economy gathers strength companies are prospering and they will want to do business

Brown Shipley's Mr Jones agrees. "Cardiff is seen now as one of the brighter spots in the country. People are coming in here to invest where once they just took their money and their companies out."

But the region will only grow, NIG's Mr Downing believes, if brokers stick to their last. "There are all sorts of people trying to climb on the stockbroking bandwagon now," he says, "and to the ordi-nary investor they may even appear to be brokers. But they are little more than receiving houses. Brokers are people who give good advice and the only way to stay in front of the field is to ensure that advice is

NIG has also joined forces in Cardiff with Société Générale Securities to sell settlement services to third parties. This arose out of the work NIG was doing itself in Cardiff where, at one time, all the group's backoffice settlement services were handled in the Welsh city. That back office work has been hived off to Dorchester and Doncaster and Cardiff is, sepa- a great future here in Cardiff.

Cardiff, though, still has its problems even if there is a lot of new money about. For all its glister at the moment the area is not particularly sophisticated in terms of investor-in-volvement. Local entrepreneurs are reluctant to bring their companies to market, many preferring to sell out to national combines rather than emulate the AB Electronics of this world.

Unless they can be per-suaded to look for an outlet on the market the scope for fur-ther expansion among the broking community in South East Wales is therefore limited. Indeed, most of those actively engaged think there is little chance of regaining the sort of glory days in the 1950s that Mr Downing fondly remembers or even emulating Bristol with its nine firms and its own

Mr Barrie Tyler agrees that four or five firms is probably the optimum. "With our arrival the market is pretty well full. I would think the area has got just about the number of brokers it needs."

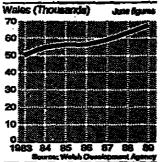
The difference between Cardiff and Bristol, its near neigh-bour across the Severn, is not just a matter of size. "There are quite a number of large companies in the Bristol area. There is also a lot of old money about," one broker says. "You have only to look at the merchant venturers and see what role they play in the local econ-

"New money is certainly growing in Cardiff but in terms

of old money the Welsh capital is a long way behind Bristol. It is no coincidence that Bristol can even sustain one marketmaker while we have been hanging on for our existence." In 20 to 25 years' time Cardiff might be able to challenge Bristol if its economy contin-ues to rise strongly. "If the pri-vate investor is looked after then there is hope for the future," Mr Duncan Cantley says. "He has been rather neglected in the past. It was our fault. Before the '87 crash we were all so busy with new issues and privatisation and the like the the private investor had a raw deal. We must

Salaran Burgasa a Caral Caral and Just a Caral Strate

Employment in banking, insurance and finance



just about the best position in the centre of Cardiff, overlook-ing the walls of the Norman castle as well as the city's main shopping area. But there is no sign on the door or the forecourt that this is the bank's home.

"That's the way we want to keep it," says Mr Eric Craw-ford, chief executive. "We don't want cross-payement customers. We are not seeking to operate in that sort of market. We are a niche bank and our focus is, very sharply, on the busi-ness community." In pursuit of this strategy the bank is even closing exist-

ing high-street branches, reopening them off-centre. This has already happened in Cardiff, is in the process of happening in Swansea and will happen before long in Cararthan In Warsham the branch then. In Wrexham the branch will be closed at the end of this month and re-sited at Queens-

# Signs of increasing maturity

main town in north Wales, on the side of the motorway. Similarly, the bank is building a branch on the Royal Welsh Agricultural Society's weish Agricultural Society's showground in Builth Wells, in the heart of the countryside, to cover across the border into Hereford and Shrewsbury. A recently opened branch in Bris-tol was alted just where the M32 motorway ends in the city.

"The atm of the bank is to provide one service for our personal customers and another service for our business customers," says Mr Crawford.
"But they must be interlinked because we are not looking for the individual who wants to move to us from one of the

"We don't mind having the high-income personal account but most of the personal accounts we have arise out of our links with their business." The Benk of Weles is not, of course, a Benk of Weles in the sense that the Benk of England is the Benk of England. It began life within the Hodge empire, run by Sir Julian Hodge, a preminent local busi-nessman in the financial-services sector, and for many years the Bank of England insisted on its name being the Commercial Bank of Wales. - Although this more accu-rately described its functions

even then Sir Julian, and the

land took a 75 per cent stake in the bank, leaving the younger members of the Hodge family members of the Hodge family to run the small Julian Hodge Bank and the Carlyle Trust. "The link with Edinburgh is very important for us," Mr

The arrival of another. heavyweight City name is probable in the future

Crawford adds. "We can plug into their services and the con-nection gives us the sort of link with a major capital investment that a bank of our size could not normally have." The Bank of Wales is not the only prestige name in Cardiff. Two years ago N.M. Rothschild opened an office in the city, opingst an once in the city, only its second outside Lon-don, in response to what it saw as the growing economy. "Banking in south Wales has matured enormously," says Mr

Peter Davies, corporate direc-tor, Rothschild's arrival is a sign of that maturity. The claim shout increasing maturity is repeated by Mr Keith Hedge, corporate direc-

local community, chafed at tur of Barclays, the leading such limitation, as they saw it, inherent in the title. The change came at the end of the 1960s when the Bank of Soot much more professional and much more professional and the customer can certainly now get as good a service in the area as in any part of Britain. People don't need to look over the Severn Bridge now for their needs."

But if there is maturity in

the provision of services south Wales is still quite an unsophisticated area from a per-sonal finance and business point of view. Mr Denis Ellis, corporate director at National Westminster, says that "too many, businessmen take a short-term view and sell out to the first bidder rather than develop their concern to the point where it can be taken to the market for a listing

"Or they react to a sugges-tion that they might raise should I give away part of my business? They don't realise how much better it might be for their company to have equity involvement rather than heavy debt."

Barclays' Mr Hodge agrees

that "people sell out too easily". And Mr Devies adds: "We have to convince them that the short-term view is not in their best interest." The business place is also unsophisticated in that too few

does not subscribe to this view.
"Another big name does wonders for the ana's image. Look at Manchester where so many of them are sited. It's an under-standable argument but on bal-ance I think Cardiff could accommodate some more top-class names."

Nikki Tait discusses the venture capital market's future

# Chicken and egg situation

THE venture capital market in South East Wales poses some intriguing questions. Compared with other regions

in Britain, it is relatively small - at least in terms of funds provided locally. Essentially, there are three main Cardiffbased sources of development capital: the Welsh Development Agency (WDA), the Welsh Venture Capital Fund,

and 31. The WDA's activities range from loan to equity funding and it claims to be interested in funding both in the "equity gap" - that is, the £50,000 £250,000 commitments that tend to be cold-shouldered by some lenders - and at the expansion capital stage. However, over the past year its role on the equity front has been fairly subdued.

The Weish Venture Capital

Fund was set up in the mid-so. Its management company is owned jointly by the WDA and Development Capital Group, part of City-based Lazard Brothers. It also han-dles some WDA funds — in the initial launch, the agency put up £1 for every £4 contributed by the private sector - but operates separately. "We do cross paths, but only at the margin," says WVCF. Two of the initial investments —

involved both institutions. Having started at £5.5m, the fund today has around six investments, having realised number go under, plus some £2m of funds for investment. Investments have ranged from insurance broking to biotech-nology and can involve anything from £100,000 to £750,000. with an average of £250,000.

Meanwhile, 3i has been represented in the area for around 30 years. It claims its invest ment into the region amounted to around £18m in the year to March 1990, and that the past three years have seen fairly high inflows. As with the group generally, 3i invests across a broad spectrum.

And there, in terms of locally-based expertise, the list ends. This contrasts sharply

with, say, Birmingham, where

about five and seen a similar it is possible to list more than six local players in the venture capital market and local syndication is commonplace.

What is the explanation? On the one hand, some of the existing capital suppliers point to the structure of industry in the area - in particular, the former dominance of coal and steel, and a fairly restrained "private company" market. On the other, there is the issue of "Welsh character",

with some suggestions that the "entrepreneurial" tradition is not particularly strong in the region.

This is controversial ground, but 3i, for example, notes that

a high proportion of its

inquires actually come from

\$150,000 and \$500,000, a field in which 31 is particularly strong, leads to the question of whether there is room for more heavyweight bankers in the Any number of big names have made the short trip to the Welsh capital to see what is happening on the ground. The arrival of arother heavyweight City name i probable in the not-too-distant future. But most bankers in the area believe there is a danger of over-banking merging.
N.M. Bothshild's Mr Davies

chant banking is all about. Mr. Davies, at N.M. Rothschild, is

the first to seel the effects of this. We are in the market to

finance those companies which have a definite chance of being

listed," he says, "but all too

often the first question is about what a merchant bank can do

for a particular company."
Such a lack of sophistication

and the fact that most venture capital needs range between

**Anthony Moreton** 

non-Veishmen, attracted to livnon-Weishmen, attracted to aving in the area

The three main players do
not believe the region is
starved of venture capital
funds — even if the high-risk,
small-scale end of the market
is, as issual, more tricky. Other
lendes can be enticed into the
vestion but largely via either region, but largely via either City or other regional offices making the development of

mariet difficult.

They tend to hop on a train from london, rather than seeking situations locally.

remaks one lender.
There is a question mark over he future. Chicken and egg, suggests one player, expressing the thought that more funds would probably creat more activity — with the aded caveat that if bank lending ebbs, there may indeed be a ned for more resources. "Thereis certainly room for one mire significant player here, queludes another.

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#### S E WALES FINANCIAL SERVICES 3

Rachel Davies on a judge who is exciting the legal profession

# Surge in commercial work

subject of enthusiasm. On the contrary, they generally make splendld Aunt Sallies for a presented public.

Andrews Africa

press led public.

Wales, however, has a judge who is generating not only enthusiasm, but excitement who is described by local solicitors and bar as "an outstanding success", "immensely popular", "just what Wales needs".

Judge Hywel Moseley QC

Judge Rywel Moseley QC was appointed in February 1989 to sit as a permanent Chancery judge, dividing his time between Cardiff and Bristol. In that one year Chancery Court work has intreased by 176 per cent, covering companies, light commercial and all the usual chancery matters other than patents, tax and bankruptcy. Fifty-five writs were issued in Cardiff in the first 10 months of 1988 and 155 in the first 10 months of 1988 and 155 in the first 10 months of 1988. The figures are similar for Bristol. Now the lists are so full that a new judge is to be appointed — probably not

Bristol. Now the lists are so full that a new judge is to be appointed — probably not before January.

So far the work, apart from one County Court case, has been entirely High Court work. At the moment there is enough to justify one-and-a-half High Court judges between Bristol and Cardiff. By the end of the year there will be enough for two sitting all day.

Where do the cases come

two sitting all day.

Where do the cases come from? Some of it is ambivalent Queen's Bench/Chancery work, attracted away from the Queen's Bench by the new court's reputation for speed and efficiency. Some of it is work that once went to London. Practitioners are expressing a great deal of confidence

ing a great deal of confidence in the Cardiff jurisdiction.

It is modern and accessible. Hywel Moseley is in touch. By July last year he had set up a "user's committee" to ascertain the needs of court staff and practitioners and increase the efficiency of the jurisdiction. Also by July, he had started a Chancery Court newsletter for circulation to

on increase in business, listing, time estimates, vacation business, and whatever else might be relevant to court use.

By November he had started up a committee of the Institute of Welsh Affairs, atmed at promoting the growth of the local but. With the co-operation of the university it is undertaking a research project into the development of the chancery/commercial bar in Cardiff.

Howel Moseley has become a

victim of his own success. Having started his reign sitting for 30 minutes in a week, his lists are now full to beyond the spring of 1991.— well over a year's work. Unless the new judge is forthcoming speed will cease to be a feature.

case to be a feature.

According to chambers' clerk Mr Charlie Crookes (described as probably the best clerk in the country'), commercial/chancery work coming into chambers has increased 50 per cent in the last six months. He expects further expansion next year.

This is borne out by solicitors who confirm that they are sending more of this type of work to chambers, Some is still going to London, and will continue to do so until Cardiff chambers can lay claim to specialists who are able to concentrate entirely on the commercial/chancery side.

cial/chancery side.

Roger Thomas, senior partner of Phillips & Buck, tig in finance, companies, insurance, and other commercially-related matters, with connections in the Middle East, Japan, and Europe, says that increasing prosperity among local businesses, overseas investment, and relocation within the UK, is responsible for the surge in local commercial work.

Rout-fifths of his firm's work

Four-fifths of his firm's work is from business clients. It does a lot of its research and pleading internally and is still inclined to go to London for specialist advice. It likes to use the local bar and knows the expertise is there but, says Mr Thomas, the London bar is organised to spend more time

in chambers whereas regional bars spend all their time in court. He says "it needs an internal decision on the part of the bar that they will be avail-

able."

John Bowen, senior partner of Morgan Bruce, agrees. There has been a 25 per cent increase in his firm's commercial and company work in the past few months — more staff have been taken on but more are needed to cope with the expansion. The firm has had to build larger premises in the city centre — where its new visibility in itself has brought in more work. Their international contacts are spreading and they are in the process of linking up with firms in other population centres — London, Edinburgh, Bristol — to form a network of services and contacts for com-

ticipation in a "Europartenariat" (a sort of business fair for small companies) to be held in Cardiff on June 14 and 15.

A lot of the new work is advising, drafting, negotiating at this stage and is therefore non-contentious and will not swell the local court lists for many years to come if at all. Nevertheless, says Mr Bowen, Morgan Bruce sends more work to the Cardiff bar than it

did a year ago "because of

mercially-orientated and pri-

vate work in the EC. More will come no doubt from their par-

Hywel Moseley's court". Like Roger Thomas, he says the tendency to go to London for specialist advice will continue until the local bar can make experts available in chambers by keeping them out of court.

Gwyn Davies, of Edward

by keeping them out of court.
Gwyn Davies, of Edward
Lewis & Co, another commercial firm which has doubled in
size in the last two years, also
agrees. He says his firm sends
little work to the local bar
because of the lack of specialist
chambers.

Mr Crookes describes it as a

chicken-and-egg situation, because he cannot keep barristers out of court until he can be sure of the chambers' work. He has able people who are increasingly specialising, and foresees that in 18 months some of them will be doing just commercial/chancery work. He says the will, incentive and talent is there, and the Cardiff bar is now in a position to offer the expertise solicitors are looking for in the commercial

The problem of creating specialist chambers is one of the topics for the IWA's Cardiff bar research project.

Practitioners seem to agree

Practitioners seem to agree that all the necessary ingredients are there — an influx of commercial work, an able bar and a good court. The task appears to be one of time and synchronisation.

THE latter half of the 1980s was a period of great growth for the UK's accountancy firms. Powered by the dynamism of their clients, the vitality of the economy as a whole, the vigour of the stock market, the bigger firms managed to grow their fees by as a much as 20 to 30 per cent a year for

each of the past five years.

The growth did not come from auditing, where fees have been slipping and margins dwindling as wage costs rose: it came from management consultancy, corporate finance and other services tied to levels of corporate activity and the vitality of the economy as a whole. Now, interest rates are high and entrepreneurial

in the doldrums.

This is excellent news for the profession's insolvency practitioners, who now find themselves working harder than in 1974 or 1980-81. But for accountancy firms in general, plump with staff after years of expansion, it spells hard times ahead as demand slumps and competition intensifies.

activity stifled: the economy is

The question troubling accountants in South Wales is whether they are likely to share in the slowdown experienced in the south-east and the City of London. The region enjoyed a tremendous surge in the latter half of the decade, and demand for professional services increased accordingly. Is that demand now set to fal-

ter?
Partners in Cardiff firms seem optimistic: there is as yet no general fall-off in work in the region. Pointing to fee

**David Waller** looks at accountancy

# Optimists in the majority

income growth rates of 30 to 35 per cent a year over the past few years — better than the average for the national firms — they say the local economy has been extremely vibrant and as yet shows no signs of being dragged down by problems in the country at large.

The work done by the accountants in Cardiff and South Wales ranges from the audit of leading companies such as AB Electronics, TSB, Allied Steel and Wire, to computer consultancy (in which Ernst & Young has built a niche), to general consultancy (advising on inward investment by the likes of Ford, Bosch and the many Japanese companies which have chosen to locate in the area) and public sector work. Accountants advise on how to secure grants to set up in the area and, of course, they advise the smaller entrepreneurial companies.

A common complaint is that

the only constraint to growth is a lack of qualified staff. But there is a faint suggestion of clouds on the horizon.

Tim Rees at Cooper & Lybrand Deloitte observes that his insolvency practice was "bubbling along quite nicely" – not normally a good omen for business conditions as a whole. Touche Ross, a third of

whose South Wales practice

comes from insolvency, is

experiencing buoyant demand for its services as corporate undertaker. And yet Mr Rees says that his instinct is that there are few large corporate collapses on the horizon than in previous recessions.

"One feels a sense of caution this year," acknowledges Steven Blackman at Ernst & Young. "There is no apparent deterioration in the local economy — quite the opposite in fact — but people can't help asking where the UK economy

as a whole is going."

One local businessman pointed out that one of the factors behind the region's growth was the dynamism of the small, medium-sized businesses that sprang into being after the demise of the coal and steel industries. "They have grown precisely because they are small and flexible. It is not clear whether they are strong enough to survive a prolonged downturn in the economy: interest rates at 15 per cent are

interest rates at 15 per cent are bad enough as it is."

"The current blip in the economy as a whole could not have come at a worse time for South Wales," agrees Mr Rees at Copers. "But our clients do not appear to be under great pressure at present and I am sure they will get through all

The proposed Cardiff Bay Development is often mentioned. One accountant pointed out that a 3,000-acre development would be one of the higgest construction projects in the European Community. This is the sort of infrastructure project which gives a better balance to the region's economy than for the UK as a whole; and is also the sort of project which will attract numerous businesses to the area, and create huge fees for the accountants.

Meanwhile, local accountants are agog with excitement

in anticipation of the long-

awaited merger between Cooper & Lybrand and Deloitte Haskins & Sells to form Coopers & Lybrand Deloitte. Competitors say this is likely to be a much more disruptive affair than the link-up between Ernst & Whinney and Arthur Young.

Mr Rees says the two firms are wholly compatible: competitors disagree, pointing to Deloitte's century-old pedigree in the region in contrast to Coopers which is something of "an aggressive upstart". The new firm will be twice as hig as any of the other firms. This could make it either formidably strong; alternatively, it could lead to trouble in a small business community. The culture of the two firms is said to be very different and competitors are eagerly awaiting the fall-out of clients and staff.

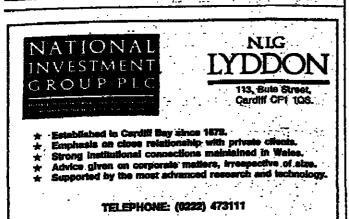
# Population trends



rowds throng Cardiff's busiest thoroughtere

	Gwent	NRd Glamorgen	South Glamorgan	South East Wales
1981	441.7	541.1	389.9	1,372.7
1982	440.1	538.9	389.6	1,368.6
1983	439.9	638.4	391.7	1,368.0
1984	439.7	533.9	394.4	1,368.0
1985	440.2	533.9	394.8	1,368.9
1986	441.8	534.5	395.7	1,372.0
1987	443.1	534.8	399.6	1,377.5

SE	Wales: Pop	wistion pro	ojections (	(000)		
1995 2001						
Age	Low growth	High growth	Low growth	High grout		
0-15	292.1	. 296.7	310.9	- 320.2		
16-24	181.7	184.6	151.2	155.8		
25-34	218.3	221.7	190.8	196.8		
35-44	186.5	189.4	209.5	215.8		
45-59	231.3	234,8	259.9	267.5		
60-64	71.1	72.2	67.7	.59.7		
65+	220.3	223.7	222.4	229.0		
Total	1,401.4	1,423.1	1,412.4	1,454.7		



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IT IS perhaps a delicate irony that the courts in Cardiff have been one of the beneficiaries of the growth of financial services

When Companies House moved its headquarters to the Welsh capital in 1976 it began to take action against concerns which either did not, or were very late in, filing their reports in Cardiff magistrates' courts. Action is taken against some 1.700 companies every year and the majority of those take

place in Cardiff. Companies House is where all company returns in England and Wales are filed. Every public company has to file its annual return within seven months of the end of its financial year and every private company within 10 months. Most play within the rules, but some fall by the wayside. The most recalcitrant are taken to court by Companies

The arrival of Companies House had a spin-off in more conventional directions: company search and company formation agents set up near the headquarters building and the move had a widening effect on

The most obvious tangible effect of the transfer of Companies House to Cardiff was the recruitment of some 700 staff; PROFILE: COMPANIES HOUSE

# Increased efficiency

fewer than a couple of dozen senior people came with the organisation in 1976 (some 200 remained in London and another 50 are employed in

But there was also an intangible effect: a body like Compa-nies House brings financial "muscle" with it. It enhances the area in which it is situated. Companies House helped do for Cardiff in the 1970s what, for instance, Ernie did even earlier for Lytham St Anne's and the Charity Commissioners subsequently for Taunton. They focus attention on the area or city in which they are operat-

That focus is the more important if the organisation is expanding and there is ample evidence that the work of Companies House is not only growing in bulk but also changing in format. Last year, for instance, searches among company files in Cardiff were running at 13,750 a week (the number in London is around 50,000). This year they are expected to top 16,500 though

gone over 19,000.

And with the change in status of Companies House as an entity even more work will be put through Cardiff. Compa-nies House is part of the Department of Trade and Industry, one of the dozen

in February the figure had

agencies of government for which a new role has been fashioned. The government is looking to introduce private-sector dis-ciplines in some areas of the civil service, especially those with a public interface. Lord Young, then Secretary for Trade and Industry, said at the

time of the introduction of the new policy that "there are some areas of DTI executive work where privatisation is not appropriate but where an increasingly commercial approach is desirable." Such departments were designated executive agencies.

The first to make the switch was the vehicle inspectorate, part of the Department of Transport, in Bristol. Compa-

added to the list taking the total to around 20. As an agency the executive head has power to commit unlimited expenditure within his or her budget and can ex gratia payments and authorise certain write-offs up to specific figures. This is all very different from normal

PEOPLE are constantly amazed by South Wales because it turns out to be quite

unlike the place they imagined.

According to Bruce McDowell.

managing director of TSB's

General Insurance Services

operation, that might well be due to a deficiency in school

"It always surprises me that

knowledge of the geography of

Britain among even the well-educated seems to be confined

to the areas in which they

is to conjure up images of eco-

nomic and environmental

gloom - all coal tips, closures

area has been so radical and so

rapid that nowadays a com-

The transformation of the

So, to mention South Wales

live." Mr McDowell said.

and dereliction.

civil service practice.

geography lessons.

nies House became the second, in October 1988, and a fort-

night ago another 10 were

make the agency more effi-cient, more responsive to the needs of the public. Until the start of April the chief execu-tive in Cardiff was Stephen Curtis, who has now gone off to head the Driver Vehicle Licensing Centre in Swansea. His sor, David Durham, does

not arrive for another week.
"There is no doubt," Mr Curtis says, "that Companies tis says, "that Companies House has become both more approachable and more effi-cient. The clearer lines of accountability we have, lead-ing to a more efficient service being offered to the public, are clearly demonstrable in Car-

In evidence he cites the way in which the agency has boosted its income to around £30m a year (about £25m of that in Cardiff, the rest in Lonand new services devel-

which produces a result within the hour. But a premium search has been introduced -for £20 - which will turn up the necessary information within 20 minutes. A fax ser-vice has been added, satellite offices have been opened in Glasgow, Manchester and Bir-mingham and another is to come in Leeds with still more

in the pipeline. "We hope that by the end of this year we shall be able to sell information on our termi-nals," Mr Curtis states. "At the moment all our records are

stored on fiche and we are putting them on to the computer. We then want to sell directly off the screen." Such a move will do wonders for the staff who have to wander around 30 miles of shelving on which the paper-based records are stored. The demand has been so great, even within the purpose-built building, that an out-station had to be bought 20 miles away in Pontypool to take the ear-

The biggest measure of increased efficiency can be seen from the rate at which companies are complying with the law. Six years ago a House of Commons committee discovered only 40 per cent of companies submitted their annual returns within the stipulated

On becoming an executive agency Companies House was set efficiency targets. The com-pliance rate had to reach 83 per cent by 1991. Other productivity improvements were set. Mr Curtis is proud that Mr Durham will inherit an organisa-tion that has taken the compliance rate up to 80 per cent. Mr Durham's own appoint-ment is another indicator of

change. He comes from outside the civil service; since 1986 he has been in the health service in London and for four years previously he was in housing in Rochester. But most of his time - 26 years - he served in the Army, rising to become a

Mr Durham is, literally as well as metaphorically, the new face of executive agency within the civil service. He arrives at a time when the work of Companies House, at ast, is on a rising trend.

**Anthony Moreton** 

# Ready to go private

very soon afterwards to

announce the ways in which it will operate in future.

offer insurance against export-risks and is today considered

one of the world's most experi-

one of the world's most experienced operators in the field. It compulses two main groups: a project group, based in London, which underwrites

medium and long-term export sales and one-off projects. This

ECGD was set up in 1919 to

Department is the unknown player on the Welsh financial scene. ECGD insures against the risk of selling overseas and that part of the government department dealing with short-term credit has been tucked away within the Welsh Office in Cardiff for a decade, even though the department itself is responsible to the Sec-retary of State for Trade and Industry in London

All that is about to change. Partly to meet the European directive on insurance which comes into operation in July, and partly to meet changing conditions in the market place, the insurance group is being hived off from government and will next year be set up as a

company.

ECGD now operates under statute which restricts its operations to those which benefit British companies. To oper ate within Europe after the set-ting up of the single European market in 1992 the rules have to be changed to allow it to compete openly outside the UK. ECGD will, as a consequence, leave the public sector, move out of the Welsh Office and take premises in Cardiff or the surrounding area.

In the next week a report prepared by Samuel Montagu setting out how the transformation to the private sector might be brought about will land on the desk of Mr Nicholas Ridley, Secretary of State at the DTL, and he is expected

is an area fraught with difficul-ties and one in which profit-ability is low. This side of the business will remain within government in London. The other main sector, the insurance services group, the one in Cardiff, is to move into the private sector, though until

Mr Ridley acts on the Montagu report it is not known whether it will be floated on the market, sold to an existing company or be given some other corporate form. It will become a government company in April 1991 and private capital will be introduced soon after-

With a staff of 500 in Cardiff, most of them underwriters or other professionals, the insur-ance group will then become an important part of the city's privately-owned financial base, probably as important as any of the existing concerns. "There are more of the world's experts in this field in Cardiff," according to Mr Colin Foxall, group director of insurance ervices, "than anywhere else in the world. The company that will emerge will be a com-

pany of world standing with a unique product."
Furthermore, it will be a profitable company: the inst

Nicholas Ridley, Trade and Industry Secretary (left), with ECGD underwriters Trevor Griffiths and Jili Thomas ance group is the profit-earner within ECGD based on a grow-ing turnover. Four years ago it was forecast that the amount of insured business handled by the group in Cardiff would decline to £8bn £9bn in the

> rigen to £13hn "We have been consistently profitable and there is scope for making further good profits in the future," says Mr Colin Foxall, who will almost certainly head the putative com-

year just ended. In fact, it has

nany. In Europe there are enormous opportunities. Prices tend to be much the same across the board so you have to sell on quality of service. We have that quality and we should do well in the open

"Only four years ago, for instance, we gave a decision on whether to insure a risk within 24 hours to about 18 per cent of our customers. Today, 80 per cent of them get it in that time. Mr Foxall might have added that 50 years ago it would have taken four weeks. معالم مسالم

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Over the longer-term Mr Foxall sees the emergence of a small number of credit insurers. In this business size and the economies of scale that go with it are all important and he believes the eight or nine. principal operators in Europe at the moment will be reduced to about three. Naturally, he believes the insurance services group of EGGD; under whatever name it takes in future, will be the leading one, which is the best news possible for

**Anthony Moreton** 

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Patrick Hannan on newcomers

# Geographical revelation

pany such as TSB is probably a more typical employer than heavy industry.

TSB moved its general insur-ance services to Newport two years ago because of shortage of staff and shortage of space. The company laid down a number of specific require-

ments for a relocation site. Communications were especially important because a firm decision had been taken that no new site should be more than two hours' drive from its headquarters in Andover. The quality of life in the area

was also a central consider-ation, together with standards of housing, education and recreation, all crucial to staff Equally important was the availability of a labour force big enough and of a high enough quality to fill the jobs that would be transferred initially more than 250.

"We have been extremely pleased with the quality of the applicants we have had locally," Mr McDowell said.

TSB originally began by looking at more than 60 sites

within the stipulated radius from Andover, but soon nar-rowed the list to a handful, including Bristol and the West a government grant. "It meant that the exposure of the company was that much less in what was a risky operation. Many of our experienced staff would not be able to move. That meant we would be reducing our experienced workforce by something like a third."

As it turns out it does not em to have done TSB much harm - and the company's confidence in the area is that, having leased premises from the Welsh Development Agency to begin with, they are now spending £12m on putting their own building in another part of Newport.

A similar kind of confidence has been shown in Cardiff by buying the old South Glamor-gan County Council headquarters and afterwards invested another £11m in completely renovating it.

The company's problem of staffing and space were acute. Working out of 15 different buildings in Tunbridge Wells was clearly unsuitable, to say the least. Added to that was the fact that the unemploy-ment rate in the area was around 1.5 per cent - which counts as no unemployment at all in Government statistical

"We could see that he Tun-bridge Wells operation was not going to be viable," said Brain Blake, NPTs assistant general

MOORE

BECKETT

manager for customer service. The answer was to move part of the customer service division elsewhere, but although the company looked at sites in many parts of Britain, South Wales was not on the list.

That changed with the launch of the Financial Ser-vices Initiative in South East Wales early in 1988. Although the company was a long way into the process of selecting a site, NPI nevertheless decided to look at Cardiff. The most important factor in

Cardiff's favour was the availability of a labour force of the right quality and in the right We are very pleased to be

here. Cardiff has made us very welcome right from the start and we are very pleased with the quality and enthusiasm of our new staff," Brian Blake

Over a period of two or three months we brought a couple of hundred staff and their families to the area. Originally we made plans for 60 or so to move but in the end we were well and truly oversub-scribed."

of experience and Mr McDowell sees only one employment problem in the area.

"When you are recruiting in national market the view of South Wales is a disadvantage. That is because it is not a well-established financial cen-

Of course, the arrival of com-panies such as TSB and NIP will help change that but South Wales has its attractive qualities - even for high fliers. One industrialist said: "This place is becoming known as the graveyard of ambition. Once you get people in here you can't persuade them to leave again."

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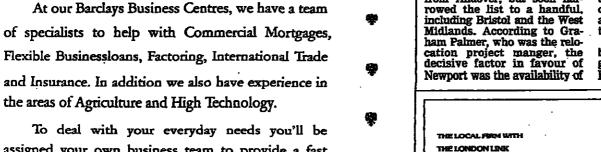
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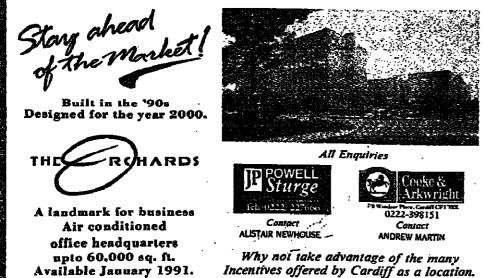
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before the digging of the two

main Channel tunnels, will

meet in the middle with an

His confidence of achieving

such accuracy over 22 miles

was bolstered when the service tunnel bored up through

Shakespeare Cliff on the

English side to emerge at the terminal behind Folkestone. It

was just two inches off course.

nel tunnel starts in space. The new American Global Position-

ing System has been used to establish the distance between

France and Britain on the line

of the tunnel. Although the system will not be fully opera-

tional until later this year, it

The navigation for the Chan-

error of less than six inches.

meeting

#### **TECHNOLOGY**

tion agreement the US semiconductor industry consortium, and Jessi its European counterpart, stems from a recognition that if the two sides do not unite to counter Japanese dominance, they might be doomed to decline separately.

The agreement to co-operate on two projects is, however, only the first step in ending the mistrust and resentment which several in the European chip industry feel towards their American counterparts. We are still at the very

early stages of co-operation," says Carlo Ottaviani of SGS-Thomson, the Italian-French semiconductor company. "We certainly do not want to give the impression that we have found the recipe we are looking for in co-operation between European and Ameri-

Members of Jessi (Joint European Submicron Silicon Initiative) and Sematech have agreed to join forces to look at the strengths of Japanese companies and the extent to which European and US manufacturers are able to match them. A second project will investigate the adoption of common semiconductor standards. The two projects will start immediately. matech said it would also co-operate with Jessi on ways of improving semiconductor

why Sematech and Jessi have joined forces

Michael Skapinker and Louise Kehoe explain

## A marriage of convenience

manufacturing equipment. Senstech has its own project in this area and will share In this area and will share some of the results with Jessi. The two organisations might then co-operate on the development of materials and manufacturing equipment. They will also discuss future co-operation in the field of computer integrated manufacturing. integrated manufacturing.

The projects, which still have to be ratified by the Jessi board, are the results of talks between the two sides which began last year. Relations between the two organisations have been frosty as a result of the American body's refusal to grant membership to the US subsidiaries of European com-

Sematech and Jessi also have distinctly different styles and modes of operation. Sema-tech, for example, is anxious to play down the notion that it is anti-Japanese. Robert Noyce, Sematech's president, has said that he would be delighted to pay the bill for Sematech's research efforts, but that none has offered.

has offered.

To Klaus Knapp, Jessi's spokesman, the reply to any Japanese companies which wanted to join the European body would be inc," he says. "Jessi is there to ensure that the Europeans can catch up. the Europeans can catch up with the Japanese.

Even so, some large Euro nean electronics companies, in particular Siemens, already use Japanese technology in the production of their semiconductors. For example, Sie-mens's successful one megabit D-Ram is based on a chip design by Toshiba.

The Americans and Europe-

perceptions of the issue of Sematech membership. Sematech says it has not received ship from European compa-nies. SGS-Thomson's Ottaviani says the reason for that is because the Europeans have been told their applications would be refused. Before you make a written request, normally you make a verbal enquiry and if the answer is 'no' you don't proceed. We've received a clear 'no' in the past," he says.

Sematech is also better established than Jessi and expects to give more than it receives in any co-operation agreement. The US semiconductor industry was quicker to recognise its shortfall in semi-conductor manufacturing technology and formed Sematech

Fourteen member companies



Robert Noyce: anxious to play down anti-Japanese sentiment

provide half of the consortium's annual \$200m budget, the US Defence Department. Sematech expects to to begin

production this year of 0.5 micron chips - double the density of those currently in commercial production. The consortium does not make chips for sale, but produces chips in order to demonstrate the commercial feasibility of its technology.

Jessi, which was set up last

year, is just beginning to establish its operations. It has the backing of the European Com-

mission, several governments and most leading European information technology compa-

Despite their differences Sematech believes that a strong European industry will benefit the US. "Our preference is to work with domestic sup-pliers, but failing that we would like to find alternatives to Asian sources," says a spokesman for Sematech.

Despite SGS-Thomson's resentment over Sematech's refusal to admit its US subsidiary, Europe's other leading semiconductor companies

think that low-key transatlantic co-operation might be the

way to go.
Speaking on behalf of the Siemens Semiconductor Group, rather than for Jessi, Knapp says that the two projects agreed upon could lead to closer co-operation in the future. "If you have a problem which appears to be insoluble you can try a different approach," he says. "Instead of working from the top down, you can try to work from the bottom up. We may find that doing these two projects may make things easier. We might find that there are more possibilities for co-operation than we thought,"

Niels Wiedenhof of Philips says: "We hope that these step-by-step proceedings will end with Europeans being allowed to participate in pro-jects in the US."

There are already other examples of US-European co-operation. Earlier this year, Siemens and International Business Machines said they would join forces to develop 64 megabit dynamic random access memory (D-Ram) chips, capable of storing 16 times as much information as chips coming on to the market today.

IBM Europe has also been invited to submit project pro-posals to Jessi. Knapp says that if these are accepted, Jessi will effectively have granted membership to IBM.

University. Proponents claim

that the resulting operating system, called OSF1, will be

more advanced than V.4 and

will become an industry stan-dard. But OSF members, and

their customers, will have to

wait until 1991 for OSF1

Meanwhile those adopting V.4 hold the advantage of already having a "standard" operating

For computer users and buy-ers, the breakdown of the

talks between OSF, UI and

AT&T raises concerns and con-

fusion which some analysts

suggest may delay purchase decisions. If so, then ulti-mately the entire computer

industry will suffer from its

system in place.

has already proved good enough for the surveyors to obtain position fixes accurate to within one-tenth of an inch. After establishing base lines on the British and French coasts the surveyors guide two tunnelling machines by laser beam. A series of sights are taken regularly down the tun-nels from the two mouths. Angles are accurately meathe operating system directly support a wide range of differsured when the direction changes slightly. As each tun-nelling machine moves for-ward – its cutting head turnent instruction sets.
OSF has also rejected
AT&T's Unix System V.4 as the basis for its development efforts. Instead it is building a ing at between two and three revolutions per minute - a different version of Unix around a kernel called Mach, developed at Carnegie Mellon laser beam falls on a target on

variation is shown at once on the driver's instruments. When the machines are within a few dozen yards of each other their courses will be diverted so that they will tunnel alongside each other and then pass on for a short dis-tance. Traditionalists will be pleased to know that the final breakthrough - made by dig-ging through the thin wall of chalk between the two tunnels will be achieved by pickaxe. The tunnel will then be made straight at the joining point.

the back of the machine. Any

The two machines, which cost £im each, will be sealed up forever in the tunnels. That seems a hard way to reward. such unremitting labour. But it would not be economic to

inability to reach a consensus on standards.

## Flare-up in software standards battle

he "Unix wars" broke out again this week with the announcement that talks between the rival Open Software Foundation (OSP) and Unix International (UI) aimed at resolving their two-year conflict over software standards have broken down. At the heart of the dispute is a battle for control over vital software standards that will shape the future of "open systems": computers that can

hare software applications. Such computers are expected to represent about 20 per cent of the total \$100bn (260bn) worldwide computer market by the mid 1990s. The dispute first surfaced two years ago, when industry heavyweights including IBM,

Digital Equipment and Hew-lett-Packard banded together to form OSF. The OSF founders objected to AT&T's plan to develop, in conjunction with Sun Microsystems, a new "unifled" version of Unix.

The latest talks focused on a

proposal from AT&T to relin-quish control of Unix by spinng off its Unix Software Opertion, the unit responsible for

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the development and market-ing of Unix. Last November AT&T invited interested par-

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Are: invited increated par-ties to discuss acquiring an equity stake in the operation. The move was supposed to reaffirm AT&T's claims that Unix is an "open" standard and that it would not seek to and that it would not seek to take advantage of its owner-ship of the operating system to push its own computer sales or those of its business partners. It now appears that discus-sions between AT&T and OSF and III were develed by the and UI were derailed by the inability of the parties to agree to a formula for future control and ownership of the software operation.

David Tory, OSF president, said his group entered into the discussions with the expectation that a merged organisation would not be controlled by \$757 on any other some by AT&T or any other company, but an agreement on that principle could not be

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Peter Cunningham, UI presi-

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dent. said that all of AT&T's proposals were based upon the principle of equal access. He blamed the collapse of the talks upon the divergent views of certain OSF members.

The failure of the talks represents a disappointment to many involved and under-mines efforts to establish a single standard version of Unix. In a joint statement, the two groups stressed the posi-tive, though limited, outcome of the talks. The discussions "resolved a number of issues, providing the opportunity for increased collaboration for the benefit of computer customers worldwide." Little new appears to have come out of

he talks, however. Instead, the breakdown has fueled efforts by OSF to develop its rival "standard" version of Unix. IBM, Digital, Hewlett-Packard, Groupe Bull, Ritachi and Slemens all reaffirmed their commitment to the group and announced that

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they have agreed to provide additional funding in the wake of Monday's anno What is more, the damaging

bitterness that surrounded the formation of OSF and UI two years ago is now resurfacing with each side blaming the other for what has happened.
Participants said that there
was a lack of trust on both sides, despite public posturing by the groups over the past year aimed at downplaying their differences in the face of angry complaints from major

computer buyers.
Strong egos on both sides made it impossible to achieve an agreement, some said. In addition, the groups remain divided over technical details of here best to achieve their of how best to achieve their shared goal of an industry-wide software standard analogous to those which exist in the personal computer market. Taking personal computers as a model, the industry had

would proliferate applications software designed to run on Unix computers. In the PC world, they noted, the wide use of Microsoft DOS operating system has spawned a huge market for "shrink-wrapped" application pro-grams that can run on IBM-

compatible personal computers manufactured by dozens of manufacturers. The Unix market is, however, more complex than the personal computer market. It ncompasses several different types of computers based upon dozens of architectures including standard microprocessors and proprietary hardware. Both UI and OSF have been

earching for a solution to the dilemma that currently exists of having dozens of different. incompatible versions of Unix. Ul's approach, in conjunction with AT&T, has been to develop "binary user interfaces" for each of the most popular microprocessor chips

including those from Sun Microsystems, Mips Computer, Intel and Motorola. The BUI links the hardware

and the operating system. Its role is analogous to that of an electrical adaptor that enables users to put two-pin, three-pin or foreign electrical plugs into any outlet.

With the introduction last year of its long awaited "unified" version of Unix, called System V.4 and the develop-

System V.4, and the development of BUI, AT&T was able to promise application soft-ware compatibility between all computers based upon one of the standard microprocessors. It would then be possible, for example to run amilications example, to run applications designed for a Sun workstation on any other workstation built around Sun's Sparc

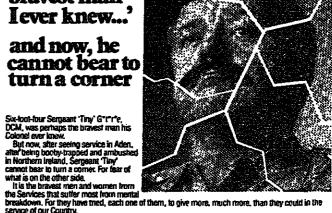
however, is attempting to make its version of Unix compatible across different types of hardware architec-tures. To do this it must make

#### Roy Hodson Louise Kehoe

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and now, he cannot bear to

Suctoot-four Sergeant 'Tiny' G"t"r"e, DCM, was perhaps the bravest man his Colonel ever knew.



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**COMPANY NOTICES** 

The Annual General Meeting of the Company will be held in the Berwald Hall. Strandvägen 69, Stockholm at 5.00 p.m. on Tuesday May 8, 1990.

The following items will be on the Agenda of the Meeting:

1. To elect a Chairman for the Meeting

2. To approve the voting list
3. To confirm that the Meeting has been properly called
4. To elect two persons to check the minutes of the Meeting
5. To present the Annual Report and the Auditors' Report
6. To present the Consolidated Accounts and the Auditors' Report

on the Group
7. To approve the Profit and Loss Statement and the Balance Sheet
8. To approve the Consolidated Profit and Loss Statement and the
Consolidated Balance Sheet
9. To discharge the members of the Board of Directors and the
Managing Director from liability
10. To determine the appropriation of the profits, provided the

balance sheet is appropriated of the product, provided the balance sheet is approved

11. To fix the date of payment of the dividend declared

12. To decide on split of share, i.e. each share of nominal value 50 Crowns will be split into five shares of nominal value 10 Crowns by changing the Articles of Association so that the nominal share value will be decreased from 50 to 10 Crowns

13. To determine the pumpher of members of the Board of Directors. 13. To determine the number of members of the Board of Directors

and deputy members

14. To determine the remuneration payable to the members of the 10 determine the remuneration payable to the members of the Board of Directors and to the Auditors
 To elect members of the Board of Directors and deputy members
 To elect Auditors and deputy Auditors
 To decide on any other business which according to the Companies Act of 1975 shall be dealt with at the Meeting.

Shareholders intending to participate in the Annual General Meeting must be entered as Shareholders in the share register kept by Vaerdepapperscentralen VPC AB (securines register centre) not later than April 27, 1990.

Shareholders whose shares are registered in the name of an agen

must register the shares temporarily in their own names not later than April 27, 1990, in order to participate in the Meeting. In addition to the above-mentioned requirements, Shareholders shall give notice of attendance to the Headquarters of the Company, Corporate Legal Affairs, S-126 25 Stockholm, Tel. No: 46(0)8 719 34 44, between 10.00 a.m. and 4.00 p.m. daily, not later than May 3, 1990 at 4.00 p.m.

Any person desiring to participate in and to vote as proxy on behalf of a Shareholder at this Meeting must produce a dated Power of Attorney before being allowed to do so.

The Board of Directors has proposed May 11, 1990 as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be paid by Vaerdepapperscentralen VPC AB on May 18, 1990.

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## **COMMODITIES AND AGRICULTURE**

## Partners out of step in UK dairy dance

Bridget Bloom on efforts to end cartel-like arrangements for marketing British milk

RITAIN'S MILK Market-ing Board saga is begin-ning to resemble a stately quadrille: the only problem is the dancers seem unsure of the steps, only faintly perceive the tune and have no conductor to guide them.

At the heart of the matter is the dairy industry's need to come to terms with the modern world: not just of Thatcherite, enterprise-Britain, but of the European Community's approaching single market. The industry's cartel-like arrangements for fixing prices and profits seem set to stifle innovation, efficiency and competitiveness just at a time when these are most needed.

Talks between the Milk Marketing Board of England and Wales (by far the biggest of the five boards in the UK) and the Dairy Trades Federation. which represents the manufac-turers, have dragged on since last August and now seem deadlocked. Hence the recent intervention of British Ministers. But while Mr John Gummer, the Agriculture and Food Minister, has verbally cracked the whip he has drawn back from action, trying instead behind the scenes to cajole the participants into the reforms that all acknowledge are necessary but all seem to fear.

The principal reform being sought is of the statutory monopoly powers exercised by the Milk Marketing Boards: they buy all the milk produced by Britain's 44,000 dairy farm-ers and sell it on to the dairy companies. One of those, Dairy Crest, is owned by the MMB for England and Wales and has 30 to 35 per cent of the £4.7bn dairy products market. Dairy Crest and half a dozen other Crest and half a dozen other companies in the DTF, including Unigate and Express Dairies, annually negotiate prices with the MMB for milk according to its end use and in such a way that guarantees them a minimum return on capital employed.

The system, originating in

the agricultural depression of the 1930s to protect farmers from powerful dairy companies and sanctioned by the EC authorities on British's entry authorities on Britain's entry in 1973 in the hope that it would curb growing milk surpluses, is now widely criticised. Even the MMB publicly acknowledges that it seriously distorts milk supplies since it takes little account of real takes little account of real demand: no matter what, milk for liquid consumption is highest priced, that for cheese and yoghurt follow, with butter and milk powder the lowest. Britain is not self-sufficient

in milk and with the coming of the single market innovative processors or competitive retailers will obtain supplies elsewhere. Already imports are rising dramatically in the val-ue-added markets for yoghurts, soft cheeses and the like.

All the participants acknowledge the need for change - if in varying degrees. Over the last few months the MMB has proposed two variants of the sent scheme. One. under which processors would tender for milk, has been turned down flat by the DTF as creating an uneven playing-field; it would leave the Board's monopoly intact while making the companies compete for supplies, says Mr Andrew Dare, manag-ing director of Unigate's St Ivel and DTF president.

he other MMB scheme could be more acceptable to the DTF, for although it would allow for a small spot market in milk, dairy companies' contracts with the Board would be based on so-called service levels (principally delivery rates) rather than on end use. That proposal – which would do little to open up the milk mar-ket – is still formally on the

However, interest is currently focused on the possibil-ity of the MMB abandoning its monopoly voluntarily, turning itself into a huge co-operative but retaining its ownership of Dairy Crest. (It is assumed that three Scottish and the Northern Ireland Boards, which also own manufacturing companies, would follow the MMB's example).

Abandoning its monopoly in

this way is a vision which seems to frighten the MMB and its farmers, among whom it raises the spectre of the 1930s. For the DTF it is anathema, while the Government is adopt ing a hands-off policy. It is however the Agriculture Ministry's favoured solution.

In a recent paper sent to both sides (but apparently ini-tially drafted in response to "what if?" questions posed by the MMB) Mr David Curry, the junior agriculture minister responsible, made clear that the Government saw no legal reason either in terms of UK or EC legislation why the MMB should not become a single co-operative - or several regional

The paper noted that pri-mary legislation in the UK Par-

liament would be needed both to abolish the monopoly and to arrange for the transfer of assets either to the new co-op-erative (which would own Dairy Crest) or, in the case of those farmers wanting to opt out, to the farmers themselves. Farmers would have to vote on the issue, while legislation would need to take account of the interests of other parties affected and the wider public interest," the paper said. The advantage of all this from the Government's point of view is that it would, at a stroke, abolish the cartel's

price-fixing arrangements. Then it would be much more

up to market forces to determine what happened.

For the MMB the preferred scenario would be that Dairy Crest, already strong, should become a more powerful player in a referred and restrictived. in a reformed and restructured dairy sector. But this would not be at all pleasing to the DTF. If it cannot keep the present system the federation, according to Mr Dare, would like to see the complete abolition of the MMB and the substitution of farmer co-opera-tives grouped around local

opposed by farmers. No resolution of these differences is in sight and in a sense the participants are all engaged in a phoney war — a quadrille of uncertain tune and

dairies. This in turn is fiercely

It would be easier for the MMB if the Government would 'wield the smoking gum" and abolish the monopoly without further ado. Ministers, however, have their own reasons for not doing so. There is, they say, no parliamentary time for legislation but neither, against the background of its current problems, does the Government have the political stomach for gratuitously provoking farmers' wrath. As for the DTF, while it would clearly Chile and Canada.

prefer the quiet life, it seems condemned to a reactive role. Yet the dance must go on if only because the reasons for it

## Broker sees bright prospects for base metals producers

By Kenneth Gooding, Mining Correspondent

FOR MOST of the traded metals consumption prospects remain bright, producers' capacity utilisation will stay high, metal stocks will be low and prices will settle at favourable levels for the producers.

But metal prices would always be cyclical.
That upbeat, medium-term outlook was given yesterday by the metals team at the Shearson Lehman Hutton investment services group at the leaves of the services. the launch of two annual reviews – of the copper and aluminium industries.

On copper demand, analyst

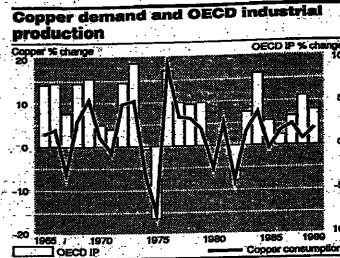
Mr Nell Buxton said a down-

turn in US construction and automotive activity was drag-ging back growth this year, but demand was expected to pick up again in 1992.

Shearson had changed its mind about supply prospects, he added. There was now little threat of vast over-supply. Too much attention had been placed in the past on huge new projects such as Escondida in Chile. However, to compensate, a number of mines were close to exhaustion and lower metal content in ores was leading to lower copper output in Zambia,

Net additions to annual capacity in 1990 and 1991 would be only about 90,000 tonnes and 199,000 tonnes respec-tively. By 1992 any capacity additions would be needed to cope with demand growth. There would be only a "mod-

est" copper supply surplus this



year and in 1991. Stocks would represent only five weeks of normal usage in those years and would be under 12 weeks in 1992 and 1993. Consequently, the market would remain vulnerable to supply interruptions or surges in demand.

Shearson suggested the Lon-don Metal Exchange spot price of copper would average about \$1.15 a lb this year and 95 cents in 1991 compared with \$1.29 a

On aluminium prices, he said the worst of the recent fall had almost certainly been seen in January this year. Shearson suggested the LME aluminium spot price in 1990 will average 75 cents a lb and rise to 80

cents next year compared with 89 cents last year. Mr Buxton admitted price forecasts for both copper and aluminium were conservative. Consumers lived off alumin-

Cooper consumption

ium stocks during December and January because they were certain prices would fall. he said. That de stocking was now over.

Aluminium stocks had built

up during the past 18 months but still represented only 6.5 weeks of normal use — which left the market vulnerable. Annual Reviews of the Copper and Aluminium Industries: 1990. £500 or \$1,000 each from Shearson Lehman Hutton, One Broadgate, London EC2M 7HA.

## The amiable champion of America's farm trade

Nancy Dunne talks to the House of Representatives' agriculture committee chairman

FTER 25 years in Congress Mr Kika de la Gaiza still travels light. No entourage follows in his wake; he displays no preten-

Although he has climbed in the US House of Representa-tives to the chairmanship of the Agriculture Committee, head of the Hispanic cancus. and the leadership of the US-Mexican Inter-parliamentarian Group, he seems simply a Spanish-American Everyman.
This shy, amiable south

Texas congressman on a fact-finding mission this week in Brussels and Geneva – is an ardent champion of American commerce. It is in this capacity that he will be assess-ing the US-EC deadlock over the American proposal in the Uruguay Round of the General Agreement on Tariffs and Trade to eliminate "trade-distorting" support for agricul-

Gaiza pays lip service to the American plan submitted to the international trade negotiations. But he is clearly unenthusiastic and stresses his determination not to bargain away US farm support unless "everything else" - like the



Kika de la Gaiza: a Spanish-American Everyman EC's common agricultural pol-

icy -is "on the table." And he knows that it is not.

In a year when Congress must reauthorise the US Farm Program, the chairman is much in the spotlight. His conthere" see no reason for much change from the 1985 Farm Bill. They believe it helped haul American agriculture from its worst economic crisis in 50 years by expanding exports, dropping prices, and subsidising much of the differ-

He treats with light humour the current craze in Washington to insert "flexibility" into the farm programme to allow farmers "to plant for the mar-ket place." This threatens new surpluses when all the old ones have all but disappeared because of recent droughts and the farm programme. A delega-tion he met from Michigan asked for flexibility, he told a

respectful group of farmers from South Carolina. "You want flexibility. I'll give you flexibility. But they said, 'don't let them plant edible beans'

Mr de la Gaiza sees no reason for current efforts in Congress to target support away from the larger, richer farmers. Agriculture has become a high cost sector, he says. With a \$500,000 operation a farmer may clear only \$10,000 to \$15,000 a year. And besides, the proposals aimed at the big,

tle guys". It falls to Mr de la Gaiza to defend the billions in support paid out to farmers. He does it with zeal and five omnipresent charts he employs to demon-strate the "infinitesimal" percentage (0.63 per cent) spent

from the Government's budget for the US farm programme.

"I don't know if you've seen my charts," he tells visitors, "that little tiny line is what we put on government to support agriculture, but what does agriculture mean? It means a lot of things, including that you and I would not be here if we did not have agriculture. "That 0.63 per cent supports 18 per cent of the country's GNP."

The chairman's office reinforces an impression of quirkiness and broad interests. Books overflow the desk and tables onto the chairs. Family photographs mingle with oil paintings, carvings, china and a large globe. Place of honour is given to a modernistic paint-ing on an easel — produced, it

turns out, by a monkey.

The committee office displays pictures of numerous breeds of goats, a new and thriving sector the chairman last week showed its gratitude, naming a goat research institute in his honour.

The chairman's modest, public persona and old-school ceremonious courtesy conceal a shrewd mind, according to col-leagues and farm lobbyists.

WORLD COMMODITIES PRICES

m, 99.7% purity (\$ per tonne)

Close

"He's one of the most internationally knowledgeable men in Congress," says one. "He's

foxy."
Says another: "When the legislative train pulls into the station Kika's got all his own freight aboard." He insists he has no brief to

negotiate during his European trip, but he acknowledges paving the way for settlement of previous trade disputes. And his committee must pass on any agricultural pact agreed upon under the Gatt. Clearly he won't let his farm

constituents pay the price for any deal. He tells frequently of a recent revelation aboard a nuclear-armed US submarine. "It carried enough megaton nage to destroy the world," he says. That started me thinking about, how the Soviets knew the whereabouts of all US troops, all our planes and ships, except for the subma-

long he could keep this thing under water, and he said 'as long as I have food for my

crew.'
"So who is responsible for the peace and security of the world? The farmers of Amer-

(Prices supplied by Amaigams

AM Official Kerb close Open Interest

## Record soyameal usage forecast

WORLD CONSUMPTION of soyabean meal is likely to rise by 8.5 per cent to a record 70.2m tonnes in 1989-90 (October-September) because of attractive prices, according to Oil World, the Hamburg-based newsletter, reports Reuter.

The previous record was 68.1m tonnes in 1987-88. Soyameal is expected to account for the entire forecast 4 per cent rise in usage of 12 oilmeals in 1989-90. Use of the 11 others is likely to to fall by 300.000 tonnes.

Demand for soyameal is strongest in the European Community and the US with big rises also expected in Japan, Taiwan and South Korea. Its price has become more attractive compared with fish meal, rapeseed meal and most other oilseed meals in past months, the newsletter

Says. The price of Argentine soya-meal pellets fell below \$200 a. tonne cif Rotterdam in March - the lowest level for nearly three years. Brazilian and US prices have also fallen sharply. With world supplies of com-

petitive oil meals expected to stagnate soyameal is expected to become even more competitive. It has already undercut feed grain prices in the EC and has become more competitive

world wide. The sharp decline in soya, other oil meals and feed grain prices has encouraged live-stock producers to use more high protein feeds, Oil World

Strong EC soyameal demand was indicated by a 1.2m-tonne, or 15 per cent, increase in new supplies (production plus net imports) between October and

South America has replaced the US as the EC's main soya supplier. EC imports of South American soyameal totalled a record 8.4m tonnes in 1989, compared with only 600,000 tonnes from the US.

## MINOR METALS PRICES

Prices from Metal Bulletin dast week's in brackets).\*\* ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,740-1,790 BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 3.90-4.20 (3.95-4.15).

CADMIUM: European free market, min. 99.5 per cent, \$ per Ib, in warehouse, 4.10-4.30

market, 99.5 per cent, \$ per lb, in warehouse, 8.10-8.45 (8.20-8.50). MERCURY: European free

market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 220-235 (same). MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in ware house, 3.20-3.25(3.25-3.30).

(420-440) - And the distance of SELENHART Surspean free COBALT: European free market, min 99.5 per cent, \$ per TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 39-56 (same).

VANADIUM: European free market, min. 98 per cent. \$ a lb VO, cif. 4.00-4.30 (4.00-4.20). URANIUM: exchange value, \$ per lb, UO, 9.00 (same)...

- . .

Pegg

Mance

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## **MARKET REPORT**

COCOA prices closed at the highest level for eight months in London yesterday, and were rising strongly in New York at midsession. The rise reflected rumours of a port strike and heightened tension in the Ivory Coast, where banks were closed because of a strike staged in protest against nationwide wage reductions. The Ivory Coast troubles also spurred coffee prices. On the LME were steady, with some players cautious after a wave of speculative liquidation on Comex on Monday which made sharp inroads into recent gains, despite the low level of available stocks. "There is now a chance

#### **London Markets** SPOT MARKETS

Crude all (per barrel FOB)

Dubai	\$13.90-14.00	
Brent Blend	\$16.47-16.53	
W.T.I. (1 pm est)	\$18.17-8.20y	-0.555_
Oil products (NWE prompt delivery per to	onne CIF)	+ or -
Premium Gasoline Gas Oil	\$218-221 \$158-160	-3
Heavy Fuel Oil	\$75-77	-2
Naphtha	\$160-162	+1
Petroleum Argus Esumales		
Other		+ or -
Gold (per trey oz)-	\$375.25	
Sliver (per tray oz)	513.00c	-1.35
Platinum (per troy oz)	\$477.65	-1.35
Palladium (per troy oz)	\$128.25	-0.25
Aluminium (free market)	\$1485	-25
Copper (US Producer)	126,20	-23
Lead (US Producer)	57.5¢	
Nickel (free market)	410c	-5
Tin (Kuala Lumpur market)		-0.41
Tin (New York)	304c	-7
Zinc (US Prime Western)	83 4c	
Cattle (live weight)†	112.670	-18"
Sheep (dead weight)†	251.58 <sub>D</sub>	-7.09°
Pigs (live weight)†	95.79p	-1.44°
London daily sugar (raw)	\$367.4w	+3.5
London daily sugar (white)	\$443,Qw	+0.5
Tate and Lyle export price	£341	+4.0
Barley (English feed)	£104.5	
Maize (US No. 3 yellow)	£135.0v	-3.0
Wheat (US Dark Northern)	£1192	-1
Rubber (May)♥	56.70p	+0.70
Rubber (Jun)♥	56.50p	
Rubber (KL RSS No 1 May	)228m	
Coconut oil (Philippines)§	5345w	
Palm Oil (Malayslan)§	\$277.5x	
Copra (Philippines)§	\$230.0y	-12.5
Soyabeans (US)	E163.5	-1.0
Cotton "A" Index	82.30e	
Wooltops (64s Super)	572p	
£ a tonne unless otherwise		nce/kg.
c-cents/lb. r-ringgit/kg. x-,li		_

♥London physical market §GIF

of some major US players losing patience and trying to trigger the stoploss orders located around 116 cents for May," a leading London trader said. Gold closed unchanged on the London builion market, although the market remained under pressure from the strong dollar and high interest rates. "I think there's going to be little more than short-term technical plays for a while," said one dealer, adding that no major market activity was likely before the Easter break. In Cl maize prices were ahe midsession, reflecting in export tenders.

Compiled from Reuter					
SUGAR	l – Lond	ce FQX	(\$ per tonne)		
Raw	Close	Previous	High/Low		
May	342.80	341.60	342.80 339.00		
Aug	351.00	348.80	350.00 346.60		
Oct	344.00	341.60	344.00 339.20		
Mar	316.40	315.00	314.40 313.00		
May	311.00	313.00	311.60 311.00		
Aug	311.00	313.00	311.60 310.60		
White	Close	Previous	High/Low		
May	447.0	444.D	445.0 442.5		
Aug	441.0	438.0	440.5 437.5		
Oct	414.0	412.0	412.0 411.5		
Dec	400.5	398.5	397.0 398.5		
Mar	397.5	385.0	394.5 382.5		
Turnover: Raw 1918 (4408)lots of 50 tonnes. White 2301 (2781) Paris- White (FFr per tonne): May 2510, Aug 2496, Oct 2350, Dec 2270, Mar 2255, May 2245					
CRUDE	Off - I	PE	\$/barrel		
	Late	et Previo	us High/Low		
May	16.45		16.75 16.48		
Just	17.00		17.30 16.95		
ألال	17,40		17.71 17.48		
Aug	17.78		17.93 17.75		
Sep	18.01		17.92 17.92		
IPE Ind	ex 17.12	17.66			
Turnov	er. (10583)				

157.00 158.75 159.50 163.00 Turnover 13369 (7961)lots of 100 Liverpool- Spot and shipment sales for the week ended April 6 came to 405 tones against 287 tonnes in the previous week. Trading remained on the low side. Few dealings occured and these were mainly American, West African, israell and Chine un. w-Apr/May. z-Mar/Apr y-May. †Meat Com-

168.75 157.00

153.00 155.50 157.00 157.25 159.50 161.76

Close Previous High/Low 829 874 883 881 903 915 930 828 845 864 885 905 919 932 turnover: 8340 (11751) lots of 10 tomas (CCO indicator prices (SDRs per tome). Dally price for Apr 9 1002-77 (1008.21) 10 day average for Apr 10 982.38 (951.95) Close Previous High/Low 708 701

at no major ely before	May	725	708	727 715	
	Jul	720	701	726 708	
hicago	Sep	732	710	735 718	
ead by	Nov	743	722	743 T25	
a surge	Jan	764	738	754 735	
	Mar	766	744	767 748	
er	May	780	760	780 775	
181	- turnome	- 5084 /S	2175) lots o	5 toppes	
(\$ per torme)				enta per pound	) for
igh/Low	Apr 9:	Comp. d	ally 78.57	75.55). 15 day	ave
		88 (73.53)		,	
2.80 339.00	-				_
0.00 346.60	POTAT	'OES - E	FE	2/1	OTEN
4.00 339.20		Close	Previous	High/Low	
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11.60 311.00	May	217.5	198.0	219.0 190.0	
	Nov	108.0	107.0	104.0 101.0	
gh/Low	Apr	156.0	160.0	158L0 153.1	
5.0 442.5					
0.5 437.5	Turnow	er 486 (41	19) lots of 4	O tonnes.	
2.0 411.5					
7.0 398.5	SOYAE	كفاد الأجها	al — bpe	£/te	AT DE
4.5 392.5		Close	Previous	High/Low	
of 50 tonnes.	A	126.00	128.50	126.50 126.00	_
or our spenious.	Aug Oct	128.50	120.50	128.50	
May 2510, Aug	-				
2255, May 2245	Turnove	rr 45 (41)	iots of 20 i	onnes. ·	
\$/barrel	FREIGH	IT FUTU	MS - 9FE	S10/index p	oint
					•
High/Low			B '	411-6-0	
High/Low	· <u> </u>	Close	Previous	High/Low	
16.75 16.48	Apr	Close 1448	Previous 1448	1455 1445	
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16.75 16.48 17.30 16.95 17.71 17.48	May Jul	1448 1453 1307	1448 1462 1305	1455 1445 1467 1446 1310 1805	
16.75 16.48 17.30 16.95 17.71 17.48 17.93 17.75	May Jul Oct	1448 1453 1307 1403	1448 1462 1305 1394	1455 1445 1467 1446 1310 1805 1405 1390	
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16.75 16.48 17.30 16.95 17.71 17.48 17.93 17.75	May Jul Oct Apr	1448 1453 1307 1403 1411	1448 1462 1305 1394 1399	1455 1445 1467 1446 1310 1805 1405 1390	
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(Cash Settlement) p/kg

124.5 124.0 122.0 116.0 118.5

Previous High/Low

125.5 123.5 117.5 119.5

119.0

124.2 122.0 115.5

119.0 119.0

1495-8 1508-10 1509-11 1518-9 42,330 lots Copper, Grade A /E per tonnel Ring turnover 37,850 tonne Cash 1618-20 3 months 1571-2 78,984 lots Lead (£ per tonne) Ring turnover 11,475 tonne Cash 530-3 3 months 507-8 517-20 497-8 540/537 515/505 10,606 lots ficial (5 per tonne Ring turnover 1,722 tonne 8810-25 8850-75 7,813 lots Tin (\$ per tonne) Ring turnover 1,045 tonne 6,638 lots Ring turnover 15,875 tonne New York 375-875<sup>1</sup>2 375<sup>1</sup>4-375<sup>3</sup>4 fix 875.30 fix 376.20 229<sup>1</sup>2-230 229<sup>1</sup>4-230<sup>1</sup>4 229.851 229.621 374,0 377,4 379,3 384,3 388,6 384,0 404,0 409,1 376.0 377.8 380.4 385.2 390.0 394.8 404.4 408.5 Day's high 376-376<sup>1</sup>2 Day's low 374<sup>1</sup>4-375<sup>1</sup>4 £ equival S price 236 \(\frac{1}{4}\), 229 \(\frac{1}{4}\), 226 \(\frac{1}{4}\), 226 \(\frac{1}{4}\), 226 \(\frac{1}{4}\), 229 \(\frac{1}{4}\), 229 \(\frac{1}{4}\), 229 \(\frac{1}{4}\), 225 \(\frac{1}{4}\), 245 \(\frac{1}{4}\), 255 \(\fr 386<sup>1</sup>4-391 <sup>1</sup>4 386<sup>1</sup>4-391 <sup>1</sup>4 386<sup>1</sup>4-391 <sup>1</sup>4 375-378 88<sup>1</sup>4-89<sup>1</sup>4 88<sup>1</sup>4-89<sup>1</sup>4 PLATRIUM 60 troy oz; \$/troy oz. Previous High/Lov 476.5 483.5 487.0 486.5 473.5 482.0 485.8 488.0 473.5 475.2 481.7 487.0 492.5 498.0 Apr Jul Oct Jan Apr US cts equiv přílne oz 511.50 522.25 533.45 556.60 High/Low 511.3 517.0 519.5 628.8 540.5 568.0 561.5 669.8 512.8 514.8 0 523.5 531.6 544.0 555.0 517.0 521.9 630.0 641.8 563.6 561.5 May Jul May Jul 86 57 36 Coces Jul May Jul HIGH GRADE COPPER 25,000 lbs; conts/lbs 89 58 36 121.00 119.70 119.35 116.70 115.40 112.70 115.40 102.60 110.35 107.70 108.95 104.50 105.60 103.25 104.25 102.00 121.25 120,06 Aug Sep Oct Nov Dec 108.60

Jul Jun Jul

117 8 144

Chicago CRUDE OIL (Light) 42,000 US galls \$/barrel 18.44 18.95 19.35 19.65 -25.12 20.15 20.19 18.55 19.09 19.48 18.76 20.28 20.36 20.25 18.61 19.03 19.45 20.00 20.06 20.15 Close Previous : High/Low 560/4 604/4 610/0 609/6 615/2 625/0 635/0 642/4 588/4 602/0 507/4 608/0 613/4 624/0 633/4 641/0 612/6 612/6 612/4 617/6 626/0 HEATING Oil. 42,000 US galls, cents/US galls ... Latest Previous High/Low SOYABEAN OIL 60,000 lbs: cents/fb 21.67 21.81 21.78 21.62 21.45 21.40 21.32 21.25 21.20 21.20 COCOA 10 tonnes.\$/tonne Close 1249 1264 SOVABEAN MEAL 100 joins; Short Close Previous High/Low 173.4 174.8 174.8 173.0 272/2 274/0 267/0 261/6 266/0 270/6 272/6 259/4 271/2 264/4 260/4 266/4 268/6 271/0 273/0 274/0 267/0 282/4 268/0 271/0 273/0 97.90 102.00 101.80 104.10 106.50 108.50 110.00 113.00 97.13 98.92 101.08 103.52 105.75 107.50 109.00 110.75 97,70 99,80 101,60 104,00 107,00 WHEAT 5,000 bu mig: cent 74,60 73,96 67,40 65,70 0 65,60 73.40 72.96 67.00 65.20 80.22 74.07 78.02 74.72 74.72 74.72 74.70 79.92 73.82 72.87 74.57 Apr Jun Aug Oot Dec Feb Apr 80.25 . 74.65 LIVE HOGS 30,000 lb; cents/lbs 197.50 193.90 188.75 176.00 195.60 192.90 188.20 175.95 194.75 191.75 186.05 173.75 195.00 192.00 167.00 175.00 175.00 Previous High/Low 56.37 59.57 59.57 57.52 51.92 50.95 49.85 46.96 51.87 58.75 57.00 51.50 50.80 48.45 48.87 59.62 69.20 57.55 58.72 56.80 51.37 50.25 173.75 51.00 40.95. 47<sub>-</sub>10 and the second 987 18 1981 - 100a .: Apr 10 :Apr 9 Tunth ago yr soo PORK SELLIES 40,000 lbs: can Previous High/Low se: Dec. 31 1074 - 108) 55.80 55.92 54.80 59.92 60,25 54.87 55.02 53.82 59.02 56.00 56.00 64.70 60.35 Apr 9. Apr 6 . math ago yr ago

#### LONDON STOCK EXCHANGE

## Late rally after support levels tested

closer to dangerous rocks. Twice it came perllously close to the FT-SE 2,200 area, a recognised support level, and only at the very end did a rather becalmed market find a favourable breeze.

There was no lack of disturbing news to unsettle confidence, even if much of it might have been foreseen. By midmorning, the Footsie was nearly 20 points down at 2,207.9. There was an almost audible sign of relief in the City of London when share prices steaded at that level, although the uptick proved Dow points up in London points, at which level it then

		<u> </u>
	t Dealing	Dates
The Deslings: Mar 25	Abr 9	Apr 30
Option Declarat	ione: - Apr 25	May 10 .
Last Deallage: Apr 6	Apr 27	-Nay 11
Assessed Days Apr 17	Miry 8	May 21
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morning's low was retested Traders, however, said there was never any weight of signif-icant selling, and the market rallied well in late dealings when Wall Street was edging higher. With New York 2.25

short in duration and the

was halved by the close. A small buy programme from a UK house helped the recovery. Equities opened in poor heart, with another downward lurch in Tokyo, weakness in sterling and in UK Gilts, and a string of poor dividend and profits announcements from the UK building and retail sec-

tors, all serving to depress share prices. In the early part of the ses-sion, the stock market was led from the futures sector, with share prices tumbling as the premium on the June Footsie contract was cut from 21 to 14

hours, a mid-afternoon fall of remained. The ultimate recovery in share prices was helped by similar rallies in sterling and at the long end of the UK bond market.

The final reading showed the FT-SE Index at 2,217.5, a decline on the day of 10.2. Dealers drew encouragement from the market's success in rallying from its nearest support line - the next would be around FT-SE 2,170, according

to chart strategists. But it was agreed that turnover in the market is still too thin to inspire much genuine conviction behind day-to-day movements in the Footsie. Seaq volume of 365.3m shares yesterday showed little signifi-

cant improvement over the 304.6m of the previous day. The nervously awaited corporate news from the retail and construction sectors proved every bit as bad, or even worse, than expected. The reference to a difficult outlook at RMC, one of Europe's biggest suppliers of building materials, confirmed the market's fears of the effects of high domestic interest rates on the

construction industry. Among retailers, a disappointing dividend payout and a £46.7m loss at Next, once a sector high-flier, was bad news for an equity market leaning heavily on its current dividend yield for investment support.

with the opening of Wall Street. Grand Metropolitan

closed only a penny off at 579p, while Allied Lyons ended 2 up at 432p and Scottish & Newcas-

tle 5 higher at 297p. Whitbread "A" firmed 3 to 381p.

A shortage of stock pushed BOC 4 better to 524p, and it was a stock shortage in ICI as

well that helped the latter's shares hold relatively steady,

closing only a penny lower at

A cautious statement on

trading prospects for 1990 that accompanied full year figures dampened interest in Foseco.

The company said it had made a slow start to the current year

and 1990 looked set to be a testing year. The shares fell 14 to 228p in response as the com-

pany reported an improvement in profits from £43.1m for 1988 to £46.2m last year. BZW down-

graded 1990 profit expectations

following the release of the fig-ures by £7m to £42m. The bro-

in 1991 and predicted profits of

282p, before easing back to

close 10 up at 278p, on speculation that 5.8 per cent stake-holder Williams Holdings was

keen to increase its holding. Williams closed unchanged at

253p.
The impact of Next's larger than expected losses rippled

through the stores sector, with

all the leading stocks falling

The weakness in Next's

home shopping interests led to easiness in stocks with expo-sure to mail order. GUS led the

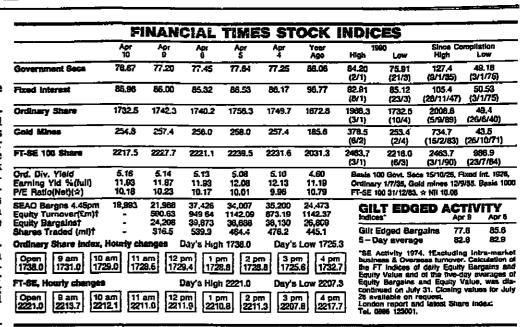
retreat, with its "A" shares

down 23 at 934p, but Sears

£44m for that year.

r expects a modest recovery

Yale & Valor jumped 14 to



## Next out of fashion

LOSSES amounting to nearly twice analysts' worst forecasts caused shares of Next, the fashion retailing and mail order company, to drop by more than 8 per cent to the lowest level since mid-1984. At one stage they were down by almost 13 per cent at 69p, but rallied to finish 6 easier at 73p; a total of 7.8m shares changed

Next's final losses of £46.7m for the year to the end of January 1990 compared with a £62.3m profit in the previous year, and with City forecasts of a loss ranging from £10m to £25m. The market was also discouraged by a final dividend of 2p, compared with expectations of 3p. However, Mr Steve Oldfield of Barclays de Zoete Wedd said: "It was the sheer scale of the losses that upset the mar-

increased as analysts downgraded their profit forecasts for the current year following a meeting with the company. County NatWest cut its fore-cast to £22.5m from £50m, while BZW moved down to

£30m from £35m. In spite of yesterday's losse analysts warned that the shares could slide still further. One analyst said: "The only thing that can stop Next falling even more would be a takeover bid. But now the chances of that happening are not very

Warning from RMC --: RMC shares reacted nervotaly, dropping to 610p on the warning that "high levels of inflation and interest rates in the UK point to a difficult outlook for the domestic construction industry." They later picked up to close 25 lower on

the day at 625p. The group announced pre-liminary profits of £248m, up 20 per cent, and a dividend total of 18p, up 24 per cent. Both these figures were at the top end of market expectations but provided little comfort for the

Analysts were divided over the company's prospects for this year. Mr Martin Murch of Salomon Brothers stuck to the view that RMC has the "best portfolio of interests of any in the sector for the next four or five years." He added: "Germany is going really well and this should continue – it is the place you want to be as a building materials supplier."
Mr Murch sees no reason to alter his current year forecast

of £260m, but cautions that any

**Senior posts** 

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increase in earnings per share will be marginal.
The BZW buildings team, on the other hand, is more cautious and cut its estimate by £10m to £235m. We like them (RMC) long term but short term they have neither the multiple nor the yield to compare with the competition; we recommend a switch into Redland and/or Steetley."

Ultramar on offer

Ultramar shares were actively traded as news of the long-awaited sale of Huffington Corporation's 20 per cent stake in the Huffington liquefied natural gas refinery in Indonesia filtered through to the market. Ultramar has a 37.81 per cent stake in the refinery and recent suggestions in the mar-ket that the 20 per cent holding was about to be sold for \$800m-plus have led to a revaluation of Ultramar shares.

In the background vesterday were stories of heavy buying of Ultramar put options, indicating that the traded options market expects the underlying shares to perform badly in the short term. Ultramar shares have see-sawed in recent months amid speculation as to the eventual price of the Huffington stake.

Talk in the market was that the Huffington stake had been sold to the China Petroleum Corporation, a Taiwar pany. No figures were officially sed and there were estimates in the market ranging from a lowly \$500m to as much as \$900m. A specialist said he thought the former figure "too low and one that probably excluded a property element," but that equally he viewed the \$900m as "too high." Whatever the figure, dealers

said Ultramar shares had been hit by a selling order of 500,000 shares and that a line of 1.5m had been on offer earlier. Ultramar closed a net 9 off at 360p, after 357p, with turnover a higher than usual 3.4m shares. Turnover in Rolls-Royce swelled to a hefty 13m shares

and the share price firmed 4 to 191p on talk that Spain, Italy and the US had signed a memorandum of understanding to procure 100 Harrier AV 8B jets, for which Rolls-Royce supplies the engines.

A large part of the day's trade was done by Goldman Sachs, the US investment house that managed Rolls-Royce's US roadshow last week, and which commenced London market-making in the stock yesterday.

Rolls-Royce was also the busiest option in the Traded Options market, with a total of 2,797 contracts traded, the equivalent of 2.7m shares. Sentiment in Rolls-Royce spilled over into British Aerospace, the shares hardening a

enny to 519p. RTZ rose 5 to 554p, helped by the firm copper prices and a large overnight trade. Shear-son Lehman Hutton, the US securities house, was said to have been a keen buyer in the options market.

Sellers ahead of today's interim figures weakened Smith Industries, the shares

losing 2 to 230p.

Willis Faber, the insurance broker, touched 274p before closing a net 5 up at 283p after some sizeable buying interest from UBS Phillips & Drew. The latter has prepared a buy note on Willis, saying the company should ettain 25 wer cent nurs. should attain 25 per cent profits and earnings growth in 1991 and 1992 and that finally the benefits of the merger with

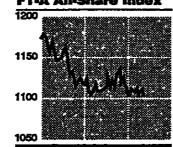
Stewart Wrightson are coming

UBS expects the sale of Willis's Morgan Grenfell stake will add £6m to profits this year, while there will also he form worth of currency gains. There is also the chance that Johnson & Higgina, the US insurance group, may increase its 5 per cent holding to perhaps as

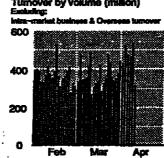
much as 10 per cent. The international blue chips were unsettled by the weakness of the pound which, although helping their sales in overseas markets, threatens the big manufacturers with potentially higher UK interest rates. With sterling steadier in late deals, there were mixed price changes among the

equity leaders. The feature was BAT Industries, which fell 15 to 740p after the Californian Insurance Department ruled against Hoylake's plan to unbundle BAT

FT-A All-Share Index



Equity Shares Traded Turnover by volume (million)



insurance subsidiary, to Axa-Midi Assurances, of France. The relative suggested that the market has not abandoned all belief in Hoylake's chances of success fully bidding for BAT. Turn-

Among the pharmaceuticals Wellcome recouped 10 of Mon-day's loss, closing at 715p, while Glaxo (784p) and Smith-Kline Beecham (497p) remained close to overnight

The only notable talk on an otherwise dull day for brewery stocks centred on Bass, which closed up 10 at 950p on speculation that the company had completed the sale of its Crest Hotel chain. A leading market-making firm, however, that spoke to Bass late in the after-

# Trading volume in major stocks British Telecom \_ Burci \_\_\_\_\_ Burmah OB \_\_\_\_\_

shed 2 to 200p and Storehouse lost 4 to 109p. Argos eased 3½ to 202p on some profit-taking after the excitement caused on Monday by the auction of 8.3m of its shares in the US. Argos traded 3.1m yesterday. A 31 per cent profits rise by Lloyds Chemists to £5.1m

failed to impress the market, which had been looking for something upwards of £6m. Lloyds declined 6 to 189p. Venture Plant, USM quoted hire plant group, halved in price from 42p to 21p when the group warned of a

first-half loss and omission of the interim dividend. The broad picture in the builders was one of increasing concern about the effect of high interest rates. A dealer

building or materials group with what could be construed as high gearing is now regarded as vulnerable; we have been struggling to find buyers of these stocks for

many months now." Taylor Woodrow fell 8 to 241p, after 238p, following the annual figures. These showed profits of £116.9m compared with last time's £103.3m and market forecasts between £115m and £130m.

Asda, which shed 3 to 101p on 6.4m shares, had a busy session on talk of an analyst's downgrading and as a broker tried to sell two lines of stock. one of 1m shares and the other of 500,000. The broker attempt ed to sell at 101p but was said not to have succeeded in exe-

BICC, the heavy electricals and cable manufacturer, came under pressure after the chair man's statement at the annual

meeting and fell 9 to 4250. Sir William Barlow warned shareholders that BICC's performance in property develop-ment and housing in the UK continues to be affected by high interest rates, which also applies to parts of our Australian business.

Hints that one of the leading UK securities houses is prepar ing a bearish note on the water stocks kept the sector on the defensive throughout the session. The Water Package fell 25

■ Other Market statistics, including the FT-Actuaries

## **NEW HIGHS AND LOWS FOR 1990**

MEW HIGHS (19.

CAMADIAIS (1) BUILDINGS (1) CHENGALS
(1) STORES (1) ELECTRICALS (4)
ENGINEERING (1) FOODS (1) PROPERTY
(4) TRUSTS (4) OLS
(5) TRUSTS (4) OLS
(6) TRUSTS (4) OLS
(6) TRUSTS (4) OLS
(7) TRUSTS (4) OLS
(8) TRUSTS (1) ELECTRICALS
(8) BRAWTERS (8) BUILDINGS (20)
CHENICALS (8) STORES (21) ELECTRICALS
(8) BRAWTERS (8) FOODS (8) HOTELS

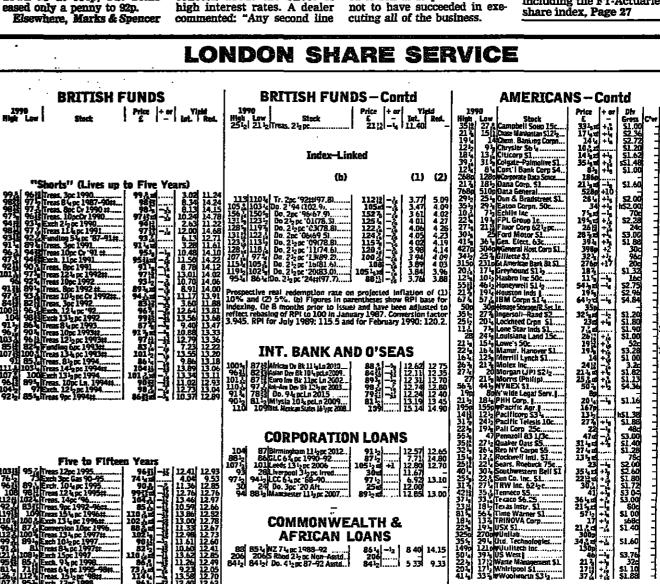
**APPOINTMENTS** 

French (Thos.), Grempien, Grenede, Do. 7½pc Cv., Hadielgh, Halma, Hewthorn Leel Marpover, Morgan Crucbiet, Parlisher, Photo-Me, Perisr Chaeburn, Rank Org., Relient, Scot Robertson, Securicov, Do. A. Securicy Services, Southers Bus. Gp., Stormgerd, T & N. Temaris, Do. Spc Cm. Pt., Tems (John), Waller Greenbank, Waterford Wiedgwood, Walpac, West Inds., Whitecroft, Woroseter, NESURANCE (2) LIBSURE (11) MOTORS (6) NEWSPAPERS (3) PROBERT (2) TRANSPORT (2) TRUETTES (3) TRANSPORT (2) TRUETTES (3) WAITER (3) GLES (3) WARRES (3) WARRES (4) THOSE (4) MARKET (4) THE MARKET (4) THE CO.

by selling Farmers, its US

over in BAT was a modest 2.2m

noon understood that no sale had been completed. Other brewery issues rallied



#### and Mr Alan Schroeder, chairman and chief executive, R-B (Lincoln), have been AIB BANK has appointed Mr Symon Elliott to the new post of head of consumer banking. He was sales and

## at Pearl Assurance E PEARL GROUP, parent

company of Pearl Assurance, has made four appointments to the board. Mr Ian Worner, chief general manager (corporate services), and Mr David Furness, chief general manager (UK home services, marketing and sales), join as executive directors. Mr Peter Costain, chief executive of the Costain group, and Mr Hugh Mellor, a director of Dalgety. join as non-executive directors. These appointments follow the acquisition of Pearl by the Australian Mutual Provident Society. Mr Chris Lee has been appointed senior associate

director, treasury, at ROYAL TRUST BANK. He joins from Christiana Bank. Mr Guenter Z. Steffens.

general manager of Dresdner Bank, London, has been appointed a director of ALLIANZ INTERNATIONAL an associate company of Combili Insurance.

Mr Nicholas Corah, formerly chairman of Corah, and currently a non-executive director of the Alliance & Leicester Building Society, Mr Robert Gunn, chairman, The Boots Co; Mr Nigel Rudd, chairman, Williams Holdings;

appointed non-executive directors of EAST MIDLANDS ELECTRICITY. ■ Mr John Bostock has joined HUNTER DOUGLAS UK as managing director of the architectural products division,

BULLERS has appointed Mr Hallam Mills as managing director of The Britannia Collection. He was commercial and distribution manager with Petrofina (UK).

succeeding Mr Peter Hallberry

who retires next year.



has appointed Mr Richard Gregory (above) as finance director of Auto Springs, Tensator Products, and Happich Engineering, He was a financial controller at British Telecom.

marketing director of TSB Direct. ■ Mr Mike Beaumont has been appointed divisional director of construction for FOSTER WHEELER ENERGY'S process

plant division.

■ ANTLER PROPERTY CORPORATION has appointed to the board Mr Roger Kilty, managing director of Antler Property Northern, a post he retains.

■ Mr Michael J. Smith has been appointed chief executive, print and packaging division, JEFFERSON SMURFIT. He was group managing director of Alpha Numeric Systems. m Mr Mike Casebourne has

been appointed managing director of WIMPEY UK CIVIL ENGINEERING. He was a director of Cementation. ■ NORWEST HOLST has appointed Mr Lindsay Pritchard to the new post of

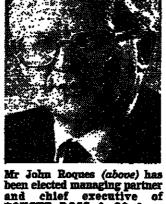
group personnel director. He

was personnel director of

Pilkington Optronics.

DE MORGAN GROUP has appointed Mr Michael Daggett as managing director of de

■ Mr Jonathan P.L. Perry has been appointed chairman and chief executive of OGILVY

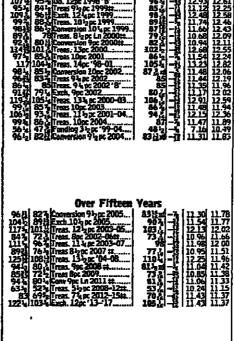


and chief executive of TOUCHE ROSS & CO from April 16. He succeeds Mr Michael J. Blackburn, who becomes chairman of the board of partners. Mr John Connolly succeeds Mr Roques as partner-in-charge, London office and southern offices. Mr H. Stuart Brown will be partner-in-charge of the other regional offices in the UK. Mr Brian Smith has been

appointed nanaging director of MANRO PRODUCTS, Stalybridge, part of Hickson International. He was European marketing director, Hickson Timber Products.

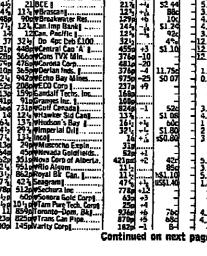
Mr John V.C. Butcher as finance director. He was head of external finance at the Independent Broadcasting

■ INCOMTEL has appointed

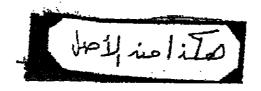


LOANS **Bailding Societies** | CANS | **FOREIGN BONDS & RAILS AMERICANS** 

**CANADIANS** 

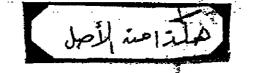


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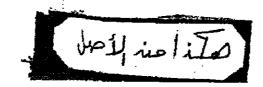


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To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128 **LONDON SHARE SERVICE** | MOTORS;AIRCRAFT TRADES | PROPERTY - Contd | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 | 1990 OIL AND GAS-Contd TRUSTS, FINANCE, LAND TRUSTS, FINANCE, LAND—Contd Investment Trusts 143 126 Antimus Rew Dawn. y 76 Do. 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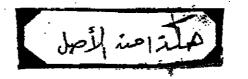
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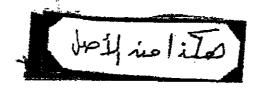
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#### FINANCIAL TIMES WEDNESDAY APRIL 11 1990 FT UNIT TRUST INFORMATION SERVICE Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128 Bid Offer + ar Yield Price Price - Grass Rid Offer + or Yield Price Price - Gress George Asset Martagement Corp. Coll there for the construction of BMA Sampet de Marches et d'Arbitrage Bord Pas Fard. FF/120 07 0 36 Bord Scotty. FF/120 53 0 330 Julius Baer Bank & Trust Co List Leutaur Jase Ser (1900 0 100/00 0 10 | Sept | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | Nercory 90-10 Treat Usine | Nercory 90-10 | Nercory 90-1 Hugher to Blact 1822 - 27. 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Bond Investments AG | -----| | **----**onal (Goernsey) ttd 59.95 10.13a 510.18 10.19 +0.01 \$11.61 12.01 16.36 +0.46 0.57 +0.01 8.90 +0.05 7.50 +0.05 7.50 +0.02 13.50 -0.08 8.00 +0.09 19.90 +0.07 6.00 +0.07 7.50 +0.04 7.00 -0.04 7.00 -0.09 19.00 +0.04 7.00 -0.09 7.00 +0.04 7.00 -0.09 7.00 -0.09 7.00 -0.10 8.00 CANADA (SIB RECOGNISED) Clydesdale Bank PLC 30 St Vincent Place, Glasgow G1 2HL HICA 12 000-19 999 1122 9 10 000-19 999 1130 10 20 000-19 999 1132 10 550 0000-19 1137 10 \$15.01 \$11.16 \$13.07 \$16.04 \$10.56 \$1 | Schroders Asia Limited | 962 | Schroders Asia Limited | Schroders Asi 550 000+ 113.7 10 Co-eperative Bank Tap Tier 78-80 Combill EC3 5500-599 102 8 £1 000-72.499 113.4 11 £2 550.009 113.4 11 £2 50.000-149 999 113.7 10 LUXEMBOURG (\*\*) DUBLIN (SIB RECOGNISED) CB Find International S17-31 CB Find International S17-31 Capel Care Myers International Fid Steav Series Nation Book 50,03 9-32 Series Distortional 510,76 11,34 90.06 USS Distorts Book 510,70 11,34 90.06 USS Distort Form Whetherer Frontier Liefland Wilchester Heligo-Case Plates Series Oct 20 Een 1116, 79 Winchester Heligo-Case Plates Oct 20 Een 1116, 79 Winchester Heligo-Case Plates Oct 20 Een 1116, 79 Winchester Reserves Limited Winchester Re **GUERNSEY (\*\*)** Cadevalor USS S1577-58 Intitiz) Residence USS S1577-58 Residence USS S77.59-75 Residence USS S77.59-75 Residence USS S77.59-75 Residence USS S77.59-75 S72.048.44 Residence USS S77.59-75 S72.048.44 Residence Uspan S77.59-75 Residence Uspan S10.08

## CURRENCIES, MONEY AND CAPITAL MARKETS

Estimated volume 35857 (37432) Previous day's open lat. 58649 (57054)

84.74 85.00 85.50 86.01 86.42 86.78 87.04 87.19

Est. Vol. (Inc. figs. not shown) 2683 (2233) Previous day's open int., 28677 (28468)

Estimated volume 10217 (11559) Previous day's open int. 66477 (64499)

High Low 2237.0 2221.0

1-mth 3-mth 6-mth 12-mth 1.6258 1.6089 1.5834 1.5405

15<u>1</u> 15<u>1</u> 14 a

151 151 151

151

THREE MONTH ENGOGE OM In points of 180%

#### **FOREIGN EXCHANGES**

## Weak yen attracts no support

THE YEN weakened yesterday and as trading closed in London central banks showed no sign of providing further sup-port for the Japanese currency. There was no indication that the Group of Seven is prepared to give more than token sup-port to the yen, underlining the view that it is up to Japan to put its house in order, rather than look for help from

other countries.

Market opinion hardened towards the view that the only way to solve the problem of the yen's lack of attraction is to increase domestic interest rates, but equity prices contin-ued to fall in Tokyo on fears of higher rates, illustrating the difficulties facing the Bank of

Japan. Mr David Deakin of Nikko Bank in London suggested there is still some way to go however in bringing down Jap-anese share prices to levels ruiing in the US and Europe, and that the authorities in Tokyo would be wiser to concentrate on the problems of rising money supply growth and

inflationary pressure.

Against this background a rise in the Bank of Japan's discount rate cannot be ruled out. according to Mr Deakin. He added that the long Easter week-end in the US and Europe could present an ideal opportu-

£ IN NEW YORK					
Apr.10 Latest Previous Close					
£ Spot	1.6390-1.6400 0.93-0.92pm 2.62-2.60pm 9.56-9.50pm	1.6340-1.6350 0.87-0.86pm 2.63-2.60pm 9.48-9.41pm			
Forward premiums and discounts apply to the US dollar					
STEPLING INDEX					

		Apr.10	Previous		
8.30 am		87.1 87.0 87.1 87.1 87.1 87.1 87.1 87.1	87.4 87.4 87.4 87.4 87.4 87.4 87.4 87.4		
CURRENCY RATES					
Apr.10	Bank rate %	Special** Drawing Rights	European † Currency Unit		
Sterling	;	0.794274	0.739731		

Apr.10	Bank rate %	Special** Drawing Rights	European † Currency Unit			
Deutsche Mark. Neth Gulider French Franc Idalian Lira Japanese Yen Japanese Yen Spanish Peseta Swedish Krone Swiss Franc Irish Punt Irish Punt	10½ 6.00 7.00 10¼ 13½ 5.8 12 6.00 20½	0.794274 1.30251 1.51298 15.496 45.5360 8.42007 2.20232 2.48017 7.39817 7.39817 7.39817 1617.71 8.53340 139.718 7.98695 1.94750 212.996 0.82163	0.739731 1.20872 1.40659 1.43910 42.2901 7.81498 2.04576 2.30309 6.86855 1501.59 7.9258 129.756 7.40583 1.81006 197.843 0.761926			
† European Commission Calculations.  * All SDR rates are for Apr.9						

Apr.10	Bank of England Index	Morgan <sup>es</sup> Guaranty Changes %
Sterling U.S Dollar Canadian Dollar Austrian Schilling Belgian Franc Danish Krone Deutsche Mark	87.2 68.6 105.3 110.1 111.3 110.7 119.1	-24.0 -9.7 +2.1 +12.1 -2.4 +4.9 +24.8

**CURRENCY MOVEMENTS** 

Guilder	114.9	+16.5
Freech Franc	105.1	-11.7
Lira	101.8	-17.9
Yen	118.0	+46.8
Morgae Guarant) 1982=100. Bank of 1985=100)—Rates are	England Index	verage 198 (Base Avera

OTHER CURRENCIES					
Apr.10	٤	s			
Argentina Australia Brazil Finland Greece Hong Kong	7823-50-7834-25 2.1370-2.1390 94.7315-96.3940 6.5235-6.5360 264-85-269.10 12.7345-12.7475 116.00°	1.3070 - 1.3080 58.0000 - 59.0000 3.9950 - 3.9980 162.45 - 165.05			

OIRE	k Curre	NÇIES
Apr.10	٤	S
Argentina Anstralia Brazil Fishand Greece Hong Kong Iran Lucembourg Malaysia Medico N. Zealand Singapor S. At (Pol Talvan U.A.E	823 50 - R84 25 2 1370 - 21390 94.7315 96.3940 6.523 - 6.5360 12.736 - 12.7475 116.00 1145.80 - 1164.30 12.736 - 12.7475 117.72 20 4.4540 4.4540 4.4550 4.4550 12.8210 - 28210 - 2825 6 1275 - 6.1330 - 4.3460 4.346	70.20° 70.40° 704.10° 709.70° 704.10° 709.70° 34.90° 55.90° 52.7300° 52.7300° 52.750

**MONEY MARKETS** 

THE LONGER end of the London money market contin-

ued to firm yesterday, in ner-vous expectation of tomorrow's figures on UK retail prices

after Monday's disappointing data on producer prices. A weakening of the pound added

to the nervous tone, contribut-ing to the rise in one-year ster-

ling interbank to 15½ 15½ per cent from 15½ 15½. Three-month money was little changed at 15½ 15½ per cent

UK clearing bank base lending rate 15 per cent from October 5

against  $15\frac{5}{14}$ - $15\frac{1}{16}$ , suggesting there is no pressure for higher bank base rates, despite the

nervous mood. September delivery has now

taken over as the most active month in short sterling futures

on Liffe, on fading expectations

of any change in base rates before delivery of the June contract. September short sterling opened lower at 85.01

yesterday. This was the day's

high, as the weaker pound

depressed sentiment, pushing

the price down to a low of

84.91. It closed at 84.92, against

initially forecast a day-to-day credit shortage of £250m on the money market, but revised this

to a shortage of £300m in the

The Bank of England

85.05 previously.

Longer rates firm

nity for Japanese rates to rise, and that the market was therefore unlikely to run large positions against the yen over this

After trading in a narrow range the dollar closed in London at Y158.55 against the yen, compared with Y157.45 on Monday. The US currency also rose to SFr1.4965 from SFr1.4955, but was slightly weaker against members of the European Monetary System, falling to DM1.6905 from DM1.6915 and to FF75.6775 from FFr5.6800. The dollar's index

rose to 68.6 from 68.4.

The D-Mark was slightly firmer, rising to Y93.80 from Y93.10 against the yen. It also rose to L734.50 from L734.25 in terms of the Italian lira and to FFr3.3585 from FFr3.3580 against the French franc. Nevertheless the question of German monetary union contin-ued to overhang the D-Mark, and the currency fell to its low-

est level against the franc since October 1987 at the Paris fixing.

Mr Otto Lambsdorff, leader of the Free Democrats in the Bonn coalition Government, said the West German Government must reach agreement on a proposal for currency union next week, and East Berlin must then react as quickly as

must then react as quickly as possible, if a target of union by July 1 is to be met.

Sterling lost a little ground, on nervousness about the UK political situation and on fears that tomorrow's figures on British retail prices and average earnings will point towards rising inflationary pressure. However, in general the pound remained on the sidelines. It lost 45 points to \$1.6350, and fell to DM2.7650 from DM2.7725; to \$Fr2.4475 from \$Fr2.4525; and to FFr9.2825 from and to FFr9.2825 from FFr9.3125, but rose to Y259.25 from Y258.25. Sterling's index declined 0.2 to 87.2.

Apr 1	D Shor		Month	Moeths	Months .	Year
terling	8	84-84 124-125 84-84 92-94 10-94 114-104 104-104 7-74-7 12 115-112 84-82	81-81 91-91 81-92 10-92 113-114 101-101 71-71 112-114 81-81	154-154 82-81 134-134 83-81 93-81 83-82 104-11 124-	157-153 87-87- 137-137 137-137 137-137 137-107 127-117 127-117 137-117 137-117	154-154 83-84 134-134 94-94 104-104 124-128 104-104 714-72 114-114 81-84
7-94 per	cent romina). Sho	n 9½-9 per cent; three rt. term rates are call	for US Dellais	and Japanese	Yes, others, ta	no days' métice.
Apr.10	Day's spread	Clase	One mont?	90.	Tipes months	V <sub>6</sub> p.a.
s	16309 - 1.636 18950 - 1.902 3.10 \( \) - 3.11 \( \) 56.9 \( \) - 57.30 10.53 \( \) - 10.57 1.0255 - 1.033 2.0360 - 245.2 174.75 - 175.5 2.025 \( \) - 2.031 \( \) 10.68 \( \) - 10.72	3.104 - 3.114 3.104 - 3.114 3.104 - 3.114 10.554 - 10.56 1.0285 - 1.029 2.764 - 2.764 2.44.25 - 2.764 5 174.85 - 175.15 20294 - 20304	0.34-0.26c 17-13-0 25-32-0 3-23-0.26p 13-13-13-0 9-80 18-7-5ling	m 190 m 6.75 pm 5.04 pm 3.12 pm 6.73 pm 0.42 pm 0.42 pm 0.79 pm 3.55	0.82-0.76 43-44 76-64 10-83 0.81-0.77 415-44 72-10 38-19	Pusi 1.60 pm 6.18 pm 3.57 pm 3.57 pm 6.50 pm 6.50 pm 0.65 pm 0.65 pm 2.96

**EURO-CURRENCY INTEREST RATES** 

rowaru presenta an	a discounts which		20 HJ, 20 JE 100	was soreny.	
EMS	EUROPE	AN CUR	RENCY I	JNIT RA	TES .
	Eco central rates	Currency amounts against Ecu Apr.10	% change from central rate	% change adjusted for divergence	Disergence Jimit, %
Belgian Frasc Danish Krone German D-Mark French Franc Dutch Gallider Irish Punt Italian Lira Spanish Preseta	6.85684	42 2901 7.81498 2.04576 6.86855 2.30309 0.761926 1501_59 129.756	+0.29 +0.21 +0.06 +0.17 -0.16 -1.84 -2.36	+0.29 +0.21 +0.06 +0.17 -0.02 -0.16 -1.84 -2.36	±1.5508 ±1.6433 ±1.1762 ±1.3618 ±1.5272 ±1.6689 ±1.5162 ±4.2705

Changes are for Ecu, the Adjustment calculated by	refore positive change denot Financial Times.	es a weak curren	7
	EXCHANGE	CROSS	RAT

Apr.10	: ٤	5	DM	Yes	F Fr.	S Fr.	H FT.	Lira	CS	B Fr.
£	0.612	1635	2.765	259.3	9.283	2.448	3113	2030	1.899	57.15
\$		1	1.691	158.6	5.678	1.497	1904	1242	1.161	34.95
DM	0.362	0.591	10.66	93.78	3.357	0.885	1.126	734.2	0.687	20.67
YEN	3.857	6.305		1000.	35.80	9.441	12.01	7829	7.324	220.4
F Fr.	1.077	1.761	2.979	279.3	10.	2.637	弸	2187	2.046	61.56
S Fr.	0.408	0.668	1.129	105.9	3.792	1		829.2	0.776	23.35
H FL	0.321	0.525	0.888	83.30	2,982	0.786	1	652.1	0.610	18.36
Lira	0.493	0.805	1.362	127.7	4,573	1.206	1.533	1000.	0.935	28.15
CS	0.527	0.861	1.456	136.5	4.888	1.269	1.639	1069	1	30.09
B Fr.	1.750	2.861	4.838	453.7	15.24	4.283	5.447	3552	3.323	100.

er 100.			Jun Sep	1.6138 1.5900	16158 16130 15900 15870	
					<del> </del>	_
FT LC	NDON	INT	ERB/	NK F	IXING	
(11.00 a.m. Apr.10)	3 months US do	(lars		6 months	US Doltars	
No 82	offer 83		PM	R1.	offer 8	•

afternoon. The authorities did not operate in the market during the morning, but in the	quotest to the market by five reference basis at 11.0 Bank, Bank of Toryo, Dentsche Bank, Banque Nat				
afternoon gave help of £198m, by purchasing band 2 bank		8	IONE		
bills at 14% per cent.	NEW YORK				
Bills maturing in official hands, repayment of late	(Lunchtime)		Que month Two month		
assistance and a take-up of Treasury bills drained £264m, with Exchequer transactions absorbing £20m, and a rise in	Prime rate Broker loan rate Fed. funds Fed. funds at lotervestion	- 10 °	Firee month Streensorth Cor year Two year		
the note circulation £75m.	Apr.10	Grernigot.	One Month		
These outweighed bank balances above target of £130m.	Frankfurt	7.90-8.00 915-10	7.80-7.90		

WITH PEYCHERINEL CLAUSACHOUS
absorbing £20m, and a rise in
the note circulation £75m.
These outweighed bank
balances above target of £130m.
In Frankfurt call money rose
to 7.95 from 7.90 per cent.
Credit conditions remained
tight, as money has recently
flowed out of the market to pay
for a Federal floating rate note.
Banks are also bidding for
funds to build up reserve
holdings with the Bundesbank.
Holdings averaged DM58.1bn
for the first eight days of April,
aminet expectations that the
against expectations that the
Bundesbank will set a
minimum requirement of

Call money was left only slightly below the 8 per cent Lombard emergency financing rate. The Bundesbank will announce the result of this week's securities repurchase agreement tender today. The central bank has offered liquidity to the money market via a 28-day pact, at variable bid rates. This replaces an expiring 35-day facility of DM19.0bn.

FT LO	NDON INT	ERBANK F	XING
(11.00 a.m. Apr.10)	3 months US dollars	· 6 months	US Doltars
Fig 8.2	offer 81g	bid 8½	offer 8%

	M	ONEY	/ RAT	'E\$		
NEW YORK			Treasury	Bills and	Bonds	
(Lunchtime) Prime rate Prine rate Fed funds Fed funds at fotoversion	. 10 Th . 94 St	re mooth ro mooth ree month x mooth x par		7.67 Foor; 8.02 Fire; 8.19 Series 8.29 10-je	)63 75 76 76 77 78 78	8.59 8.57 8.63 8.57
Apr.10	Overnight.	Ope Month	Two Months	Three Months	Six Months	Lombard Intervertion
Frankfurt Paris Zurich Amsterdam Tokyo Millan Brusseb Dublin	7.90-8.00 9½-10 81-85 820-830 7-7; 113-125 10.80 114-113	7.80-7.90 10-1014 9.94 8.33-8.43 72-72 124-124 104-104 114-114	7.95.8.10 161,-161,	810-825 103-103 6-91 8-52-8-62 71-72 121-121 103-103 121-121	8.45-8.60 10 <sup>1</sup> 4-10 <sup>1</sup> 2 12 <sup>1</sup> 4-12 <sup>3</sup> 4	8.00 9.25 - - - - -
1	ONDO	N M	ONEY	RATE	S	
Apr 10	Overnight	7 days sotice	One Month	Three Months	Six Months	One Year
Interbank Offer	14%	14% 14% 14%	15 147 143 143	151 151 151	1512 1514 1514	154 154 154 154 154

Dollar CDs. SDR Linked Dep. Offer . SDR Linked Dep. Bid ECU Linked Dep. Bid	=	111111	15.3 8.35 9.3 10.4 10.4	154 8.45 9.3 104 104	140° 9.14° 8	8.78 911 911 1011 1011
Treasury Bills (sell); on one-month 1421 per cer discount 14.5553 p.c. E. Agreed rates for pariod A p.c. Reference rate for p. Local Authority and Fin Base Rate 15½ from Api Gerifficates of Tax Depo	n; whee mo CGD Fixed R pril 25 to N period Marci ance Houses	mins 1443 p late Sterling lay 25 , 199 h 1,1990 to seven days' Bank Denor	er cent; In Export Fina 0, Scheme I March 30 notice, other	easury Bills; ance, Make t : 15,90 p.c., , 1990, Sch es seven day	Average to ap day Marc Schemes II eme IV&V: of fixed. Fin	oder rate of h 30 ,1990 . & IN: 16.57 15.311 p.c. rance Houses

144

145

## FINANCIAL FUTURES AND OPTIONS LEFFE BURG PUTURES OFTENS DR259,000 points of 100% 0-16 0-28 0-48 1-11 1-47 2-27 3-15 4-07 Sep 4-33 3-51 3-09 2-36 2-04 1-40 1-17 0-62 Estimated volume total, Calls 4177 Pets 564 Previous day's open int. Calls 22469 Puts 12995 LIFFE EURODOLLAR OPTE ELm points of 199% LIFFE SHORT STEELING OPTIONS CSOL,000 paints of 100% CHICAGO LONDON (LIFFE) U.S. TREASURY BONDS (CET) 8% 20-YEAR 9% NOTIONAL GILT 550,000 32mb of 190% Estimated volume 18640 (15463) Previous day's open let, 34911 (34151)

Staffang .	2500 R R 188	7-			T12.581	5 PET T106	-		
Jun Sep Dec Mar Mar Sep Dec Mar Jun Sep Dec	Latest 92-20 92-15 92-16 	High 92-28 92-29 92-14	Low 92-15 92-09 92-04	Pres. 92-29 92-23 92-13 92-13 92-06 91-31 91-26 91-21 91-26	Jes Sep Dec 361/15C2 D8/125,0 Jes Sep Dec	Lates: 0.6338 0.6350 SE MARK (INS 86 \$ per BM Lates: 0.571.7 0.571.6 0.5904	0.6350 0.6354 0.6375 0.6375	0.6323 0.6349 0.6349 0.5909 0.5909 0.5909	0.633 0.634 0.636 0.636 0.590 0.590
S. TREA	SURY 83115	ČD(N)			. <i>Li</i> RG	03)04		V.2707	
iga.	Latest 92.37	171gh 92.58 92.42	92.35 92.41 92.27	Prev. 92.38 92.44	THREE-N Slm pois	19677H EUROD 45 of 190%	ملكة ف	<b>.</b>	
en 19 EC Lar 20	9 <u>2.42</u> 92.13	92.42 92.13	92.41 92.27 92.13	92.44 92.29 92.18 92.02	Jun Sep Dec Mar Jun Seo	12 15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	#196 91.47 91.37 91.16 91.04 90.92 90.89	91.44 91.35 91.13 91.01 90.90 90.88	Pres 91.4 91.3 91.1 91.0 90.9
		·			Sep Dec Mar	90.79 90.80	90.79 90.80	90.78 90.79	90.8 90.8
SWISS FIN SFr 125,00	ANC (DANG) 10 \$ per \$Fr				STANBAS \$500 tim	D & POORS 9 es laulex	99 MDEX		
en es tar	Latest 0,6668 0.6660	High 0.6672 0.6660 0.6655	0.6661 0.6655	Prev. 0.6662 0.6657 0.6651 0.6660	Jas Sep Dec	Latest 343.75 348.40	High 344.00 348.50	Low 343.25 348.00 352.80	Pres 344.4 349.0 353.7
	MIA SE E/S ( mb per EX)	PT/IONS							
Strike		-	alls				Pats		

-								
PHILADELPH £11,250 (nor	IA SE 4/5 0	PTJOKS						
Strike Prize 1 550 1 575 1 600 1 625 1 650 1 675 1 700 Previous day's	Apr 8.20 5.70 3.20 1.02 0.05 s open left: C	Cal May 8.20 5.70 3.41 1.84 0.80 0.28 0.03 atts 365,94 its 28,505	Jun 829 5,78 3,85 2,39 1,48 0,81 0,44 9 Pats 3	Sep 8.21 6.18 4.56 3.29 2.41 1.67 1.12 65,385 (All 85 (All curr	0.26 1.80 3.98 6.47 currencies	Put May 0.07 0.30 0.30 1.79 3.24 5.21 7.56	Jm 0.66 1.20 2.09 3.22 4.80 6.76 8.64	Sep 2.54 3.55 4.78 6.33 7.97 9.66 11.63
18 YEAR 18	% HOTTONIA	. FRENCH	BOND GL	ATUFI FUTU	NES			
Jane September December March	0 <sub>0</sub> 102. 102. 102.	id 10 14 10	1.84 1.84 1.86	Charge -0.40 -0.34 -0.40	High 102-16 102-08 102-14	101.80 101.82 101.80	9.67 9.68 9.67	Open   70,8 10,1 3,5

	-						_
TECH ON LONG-1	TEN FRENCH	DERED CHATE	FI	_			
rine 0 1 2 3 4 5 en ist cimpited volume 2	June 1.51 0.90 0.48 0.26 0.13 157,139 19,141 Total 0	Calls Sept. 1,60 1,21 9,87 30,436 pen laterest 3	75,609	Dec. 1.44 2,942	June 0.34 0.52 1.03 1.60	Pets Sept. 1.71 	
REE-MONTH PO	UR FUTURES	(PLATOF) (Par	is letteris	aak efferti	rate)		_
er ptember sech sech timated volume 7	Open 89.96 89.97 90.07 90.09 7,756 Total Op	Close 89.96 90.03 90.09 90.09 m hiterest 24,	Charge -0.01 -0.02 +0.03 +0.04 869	HI 90.1 90.1 90.1 90.1	62 89.96 13 89.97 14 90.07	Yield 10.04 9.97 9.91 9.91	
C-49 FUTURES	MATUF) Sheck	jades .					•
•	Ореп	Close		Change	iffigh	Low	_

1,350

	Coen	Close	Change	iffeh	Low-	0
April May	2086.0	2982.0	-13.0	2090.0	2073.0	_
Hay	2084.0 2082.0	2085.0 \2082.0	-11.5 -15.0	2087.0 2062.0	2075.5 2082.0	
Jane Sentember	20020	2002.0	-15.0	2062.0	عوده	
Estimated volum	e 3,130 Total Opes	laterest 5,986		•		

		%		%	
	ABA Bask	<b>15</b>	Co-operative Bank	45	Nat Westpringter
	Adam & Company	15	Coutis & Co	15	Rorthern Bank Ltd
	Allied Trust Bank		Cyperas Popular Bk		Herwick Gen. Trust
	Allied Irlsh Baerk		Dembar Bank PLC		Makresit Mortsage Ba
•	Henry Ansbacher		Dancan Laurie		PRIVATbankes Limite
•	Associates Cap Corp	15%			Provincial Bank PLC.
_	, بحد لا بنايا ليهم طلولان الأول	끉낕			
ı	B & C Merchant Bank		Exeter Trest Ltd		Roxburghe 6' rantee
	Bank of Baroda	15	Financial & Gen. Bank		Royal Bik of Scotland.
	Baaco Bilbao Vizcaya	15	First Mational Bank Plc.	165	Royal Trest Bank
	Bank Hapoalim	15	● Robert Fleming & Co	15 <sup>-</sup>	<ul> <li>Smith &amp; Willess Sec</li> </ul>
	Basik Credit & Corner		Robert Fraser & Ptyrs	1512	Standard Chartered
	Bank of Cypnes		Girobank		TS8
	Bank of keland		Guérness Marbon		O United Bit of Kernalit .
	Bask of India		HFC Bank pic		
	Bank of Crostand	ŦĔ	A Unwheer Dook	ĭž	Heite Tout Oanh Ofe

lied irish Baerk	15	Deathar Bank PLC	- 15	Nykreist Mortsage Back	15
enry Aastacher	15	Dancan Lawrie	15	PRIVATbankes Limited	15
sociales Can Corp	15%	Equatorial Bask pic	15	Provincial Bank PLC	16
& C Merchant Bank		Exeter Trast Ltd		Roxburghe G'rantee	15
ank of Baroda		Financial & Gen. Bank		Royal Bik of Scotland	
anco Bilbao Vizcaya		First Mational Bank Pk.		Royal Trest Bank	
ank Hancalim		● Robert Fleming & Co		O Smith & Willeso Secs	
auth Credit & Corner		Robert Fraser & Pturs			
and of Cornes	ĭ	Girobank		128	衫
ank of keland		Guinness Mahon		● United Bk of Kewait	麉
ask of ladia		HFC Bask pit		United Mizzahi Bank	
ank of Scotland	뀵				
		Hambros Bank		Unity Trust Bank Pic	
annue Belge Lid		Hampshire Trest Pic		Western Trust	
arclays Bank		Heritable & Gen inv Bok .		Westpac Basik Corp	
eschmark Basik PLC		♦ Hill Samuel	§15	Whitesway Laidlaw	15
rit Bix of Mild East	15	C. Hoare & Co	15	Yorkshire Bank	15
roum Shipley	15	Hoogicoog & Shangia	15		
L Bank Nederland	15	<ul> <li>Leopold Joseph &amp; Sons</li> </ul>	15	<ul> <li>Members of British Mem</li> </ul>	đа
earterhouse Bank	15	Lioyds Bank	. 15	Banking & Securities Ho	
Wash NA	15	Mentrai Bank Ltd	15	Association. * Deposit now 5	
ty Merchants Bank		McDonnell Douglas Bok.		Sarraise 8.5%. Too Tier-£50.	
ydesdale Bank		Midland Bank	15	Instant access 13 7% & Mort	O.K
omen, Bik, N. East		Mount Bankley		instant access 13.7% & Mort base rate. § Desnand deposit	ď٩
ana-jarajirija mumuu	_	Nat. Bk. of Kinearit	ĩ	Mortrage 15.2% - 15.95%	7 11
		PEL DA. V. MIRGIL,		MANGE TITE , 17:17.19	

## NEW INTEREST RATES

		,			
PERSONAL LENE	Interest rate % p.a.				
With effect from 11th A	pril 1990				
Loan	17.30				
With effect from 8th May 1990					
Save and Borrow Account	26.00				
OTHER RATES	Net Interest % p.2.	Gross Equiv. to a Basic Rate Taxpayer % p.a.			
With effect from 8th M	ay 1990				
Save & Borrow Account	4.50	6.00			
	With effect from 11th A Home Improveme Loan Loans sanctioned befor April 1989 With effect from 8th M Save and Borrow Account OTHER RATES	With effect from 11th April 1990  Home Improvement Lozn Lozns sanctioned before 26th April 1989  With effect from 8th May 1990  Save and Borrow Account  OTHER RATES  Ner Interest % p.2.			



MIDLAND BANK plc, 27 POULTRY, LONDON EC2P 2BX

SPONSORED SECURITIES

High	 نسار	Company	Price	Change	Gress din (p)	Yield	P/
		Ass. Brit. Ind. Ordinary	330	0	10.3	3.1	· 8:
∴38	- 233	Ampliage and Rhodes	25	0	•	-	
. 210	749	Bardon Group (SE)	.153ml	. 0	43	28	14,
	103	Bardon Group Cr Pref (SE)	108mi	. 0	6.7	<sup>-</sup> 6.2	
. 122	7.74	Bray Technologies	150	0	5.9	7.4	7.
110	. 65	Breschill Cook, Pref	83	-1	11.0	13.3	
315		CCL Grosp Ordinary	310	G.	14.7	4.7	3.
	200	COLUMN UTINEY AND	167	ō	14.7	. 88	
TVP	165	CCI, Group 11% Corn. Pref	210rd	ă.	7.6	3.6	12
1110		Carbo 7.5% Pref GD	110	·Ď	10.3	9.4	
	EUY	CEPE 7.3 % PTET CO		ō			
1.5	0.125	*Magnet Gp Non-VotingA Cov	0.125	ō		٠.	
	0.125	"Magnet Gp Non-VotingB Cav	. صدن	ĭ	8.0	. 88	. 53
130		ists Group	74 108	ā	3.6	- 33	12
145		Jackson Group (SE)	243	. ŏ			
		MultiProgram NV (ArrestSE)		ĕ	10.0	· 7.1	.53
158		Robert Jenkins	361	ă	18.7	5.2	9.
467	360	Scratters	361 155	Ď	9.3	6.0	7.1
		Unistrut Europe Cour Pref	Z72	ĭ	22.0	. 8.1	7.3
		W.S Yestes	298	-6	16.2	5.4	24.

lependent Companies Exchange Limited Mansiell Street, London E1 8AF lephone 01-488 1212 mber of TSA	Granville Devies Limited 77 Mansell Screet, London E1 8AF Telephone 01-488 1212 Member of The ISE & TSA

## TAIWAN FINANCE TRADE AND COMMERCE

The Financial Times proposes to publish a Survey on the above on

#### 17th May 1990

For a full editorial synopsis and advertisement details, please contact:

#### SARAH PAKENHAM-WALSH

on 01-873 3595 or write to her at: Number One, Southwark Bridge London SE1 9HL.

**FINANCIAL TIMES** 

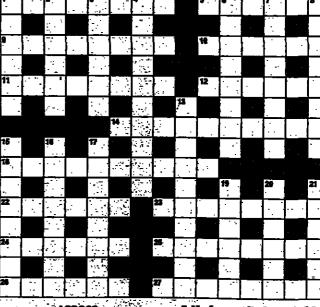


	5pm Prices. Change from previous 9pm close							
MEMBER AFBD	TIME TO BUY GOLD?	CAL Futures Ltd Windsor House 50 Victoria Street London SWH-0NW Tel: 01-799 2233 Fax: 01-799 1321						

**JOTTER PAD** 

## **CROSSWORD**

No.7,213 Set by FETTLER



ACROSS ... . 5 Be in neutral or natural (6).
9 Elated, if duplet is thrown

(8) 10 Snake, taking shelter, at rest ... (6)

11 ... stops being simous serpent, see! (8)

12 One of the front row and

wing drive forward (6)

14 Dish that is gobbled by indiscriminate differ (10)

18 Petty eastern state is surrounded by throbbing vitality (10)

22 Originated salad sample (5)

22 Originated salad sample (6)
23 One moving motion in favour of model (8)
24 Oil film (6)
25 Bob Chase is switching (8)
26 What's savoured at Ted's stew? (6)
27 Stirring gluebot sadlessly; that's the end (8)

1 Ruffs made of square rem nants (6)

2 Having poor diet, is questionably filled (2,3)

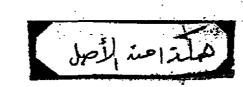
3 Secured at some cost (6)
4 Function attended by superior friend in due course (10) begin with neat ignores

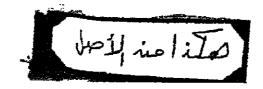
7 No longer discharged, I left without liability (3)
8 Peered questioningly about Liberia's capital and left disgusted (8)
13 Press-gange's craft (10)
15 Holy man – one, in truth, as you'd expect him to be (8) 16 They are used to separate many things, including fish

(8) 17 Lice seen infesting mine host (8) 19 Mineral line abandoned after spar's half extracted (6) 20 Questioning, as ruler might

be (6)
21 Sweetmeat that's the latest thing in Delaware (6)
-Solution to Puzzle No.7,211

EAGHS ASSENT
E ON R N R
CARNAGE GIRDLED
R D R S E O A
STROGANOFF RACK
L L D S H
SWAIIS HAYFEYER
R E I A
GALVADOS RUGEY
T E T D U





## **WORLD STOCK MARKETS**

•		WEDNESDA! AF		1990			W	ORLD S	TOC	)
	AUSTREA:  April 10 Sch + 27 -  Austrian Abrilines	FRANCE (continue)	#-   <u>전</u>	RMANY (continued) rk. 10 Dec.	+ \$+ -	ITALY (continued)	+8/-	SWIEDEN April 10 Kram	<del></del>	
:	August	CMS Peckaging 199 Carefor 3,573 Casino 163,5 Cetalem 589 Conygens 1,183 Comens Fr. 1,536 11,5	2 Be 10 BH 10 Bn 10 Bn 15 Ca 17 Co 17 Co	lerstorf 845 rinner Kraft 164 rinner Kraft 164 rinsen Kraft 194 rinsper & Berg 938 vonda Versich 1760 rener 186 rene	i-10	Sati   1.690   Sati BPD   2.627   Sati BPD   2.62	5  —85 <sub></sub>	ASA B Greel 255 Alta-Lanal B Gree) 212 Asa A Fres 675 Asa B Greel 687 Asia B Greel 400 Asia Capes A Greel 312 Electroise B Greel 251 Enclase B Greel 813 Enclase B Greel 190	عدقتمام إغاثة	
:	Vertund 1388 -17 Vertund 1398 -17 Vertund 1591 -15  BELGIUM/LUXEMBOUIRG April 18 Frs. + 02 -	Crit   Resilter rance	DL   Dai	Milentzi AG   299   290   291   291   292   293   294   294   294   294   294   294   294   295   29	125	NETHERLANDS	0  -12 0  -13 103	Gambro 8 Free	2 1922 1922 1922 1932 1932 1932 1932 1932	1 3
	Arbest	Credit Rational 1.460   Desert	.60 Dr. 52 5 Feb. 5 George Hand 12 Han	### ### ### ### ######################	-9.5 -11.5 -2 -2 -8 -15	AMERO 71.40 Bols lucias 15/10 Bols lucias 15/10 Bortonell Welety 72.2 Boeinteno-Tet 64.80 Genter Parts 53,000 Contrate Salter 82.00 DAF 35.00 DOMISSIN Petrolism 1193.5 Dordische Petrolism 1193.1	-05 -15 -22 -24 -0.4 -0.9	9842 Cell'sa B (Free) 108 Sels Handelsin 99 5 Trelichory B Fr	- <u></u>	1
	Dec	Eternit (Fin.) 2270	Marian Holling	olej Ped		Etserier 79,000 Fekker 43,80 German 62,200 Gist Brocarier 31,100 Helmelten 120,0 Hottl Beton 198,5 Hongovern 77,200 Honter Donabas 94,500	0.9 0.8 -0.5	Agerii 10 Frs. Adia inti	] }	1
	00. AFV 1	Flancisis   194	Ka Ka Kin S Kin Kin Kin Kin Kin Kin Kin Kin Kin Kin	ufhof 1681	7.42°	IRC Calland 46.50 at Mueller 94.50 at Mueller 94.50 at Mueller 15.00 at Mu	-0.3 -0.2 -0.6 -0.7 -0.5	De. Pig.   1,010     Si Hidgs   2,270     Cha Gelgy   2,900     De. (PUDN)   2,510     Elektrowart   2,960     Eluka   1,750     Eluka   1,750     Eluka   2,260     De. Pig.   377     Forbo   2,250	원 원 경 왕 왕 1 역 7	1
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<u>.</u>	April 10 Frs. + er -	GERMANY  April 16 Pers. + c  AES 322 - 6  Action of Avertedr 993  Actions Musech 729 +1  Altinux 86 2495 44  Altana 48 - 2495  Altana 68 525 - 25	Median	ges 2.874 d Adriatico 16.33 geti Marelli 1, 475 geti Marelli 1, 475 diobanca 19.55 s-Lanza 68.35 s-taliza 1, 911 etti 7,055 dii Spa 2,860 dii Spa 2,860	5 +87 04 -24 +120	Kolpe	+30 +500 -25 -11	Malor Hides 20 Nedeor 1925 Nedeor 1925 Palabora Milaing 65.25 Rembrandt 13.7 Safmarine & Ren. 37.25 Sage Holdings 7.75 Smith (CE) Fds 41		5 5
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	Ando Coestrud. 1,300 - 50 Aritisu - 2830 - 60 Add Corp. 1,130 - 50 Arabian Oil - 8,950 - 240 Asihi Bereneles 1,750 - 26 Asihi Chemicals - 845 Asihi Ciaca - 875	Tagome	Migrael Nigg	pen Fire		Teiden Cassir	1 1	Newmort Assl.   0.96     New   10.50     N Bim Hill Pelso   2.19     Optic de	-0.06 -0.1 -0.01 +0.01 -0.08 	T NOW
	Barri Tokyo 1.380 -20 Barry Pharm 1.260	Canasa Paint   1,070	Miles Miles Miles Miles Miles Miles Miles Miles	1,790   1,790   1,790   1,790   1,790   1,790   1,993   1,410   1,10	-28 -20 +20 +27	Tetico	148 -50 -30 -30 -30 -30 -30 -30 -30 -30 -30 -3	Poseidor	-0.02 -0.02 -0.01 -0.08 -0.02	Bi To Si
×	Canon Sales	Kindi Elec Doss   3,950   -64	Miss Miss Nice Nice Nice	pon Steel   565 pon Sudsur   748 pon Sudsur   748 pon Yukia   750 pon Yukia   750 pon Zeon   840 denatus Cos   1,270 an Diesel   100	-32	Tokyo Style	40 -50 -44 -49 -71 -43 -43 -43 -43 -43 -43	Wisfarmers	-0.15 -0.01 -0.06 -0.05	_
	Dakel Chemical 829 -5 Dalichi Seksku 2580 -50	Koye Selko		2 Seagro 2,300 htts Flour 1,540 htts Flour 1,540 htts Flour 1,240 htts 1,250	-40 -30 -20 -20 -30	Toshiba Machinery   1,060	+30 -30 -30 -30 -30 -30 -30 -30 -30 -30 -	HOMES KONEG  April 10 N.K.S  Amoy Prios. 2.82 Bani Easi Asia 13.20 Carbon Pacific R.15 Cheusy Kong 11.00 China Light 13.00 China Light 24.40	 -0.05 -0.1	HMCN
	Darkyo Kanto	Kjotara	Odal Odal Odal Odal	1,550   1,550   1,550   1,550   1,250   1,450   1,450   1,450   1,450   1,450   1,060   1,060   1,060   1,45	등합상상상상 공동 상당 생선생	Teyo SeRan	-30 -30 -30 -30	Cross H'boer Tril 14.90 Dan Heng Hidgs 135 Everyn 3.00 Hang Lang 457 Hang Seag Bank 19.80: Harbour Centre 7.60 Henderson Land 7.25 Henderson Land 7.25 HK Alirczaft 38.50	+0.1 -0.02 -0.3	-
	Diese Kiki	Marcia Corp   1,960   40     Martin Willing   1,350   40     Martin Elect Wis   2,770   30     Marmish Food   1,140   40     Marcia   2,770   60     Marsich Steel   1,930     Mich Elect Wis   1,900   60     Matsuckta Koto   2,620   41     Matsuckta Koto   2,620   41     Matsuckta Koto   2,620   41	Otyn Ome Osci Orie Orie	mura-Gariol 1.720 nos Carp. 2.670 nos Carp. 2.670 da Cernest 750 Pagray 5,400 nt Corp 1.139 nt Gorp 4,240 nt Gas 556 la Gesan Con 1,140 la Gesan Con 1,140 la Gesan Con 1,140 la Gesan Con 1,140	+530 -24	Victor	1-30 40 40 40 40 40	HK Clains 25,10 HK Electric 3,86 HK Lard 7,60 HK Stanghal Bank 7,10 HK Stanghal Hotels 4,52 HK Rettly 8,77 HK Telecorrous 3,30 Hopewell Hidgs 2,287 Hysan Der 1,14 Hotelston Der 1,14 Hotelston Der 6,70 Hysan Der 6,70	-0.05 -0.05 -0.12 -0.05 -0.05 -0.02	
	Flato Construct	Matushita Refrig 1,630 -44 Magia Mobes	Rent Rest Rico	ma Mesk Pack 729  tem 750  2 aurant Selbs 1 810  1 1 170  2 330  785  2 377  1 2 370  1 2 370  1 2 370	-89-89-89-89-89-89-89-89-89-89-89-89-89-	Yamash Kogoo	기를유투역하여 : 기록유투역하여 : 기록우구우	Jardise Math	-03- +0.1 -0.05 -0.1 -0.05 -0.2	
	Fujitsu Ltd. 1,520 -20 -24 Fujitsu Ltd. 1,520 -24 -24 Galden 1,850 -1,00 -40 Gan Schlyn 1,150 -40 Gan Schlyn 1,750 -50 Gren Gross 1,750 -50 Gan El Olem 480 -131	Milholtz Camers 999 -31 Milholtz Camers 999 -40 Milshwal Homes 2,390 -44 Milshwal Homes 12,390 -44 Milshwal Homes 11,70 -51 Milholts Bestlog 11,70 -51 Milholt Electro 1,020 -44 Milholt Electro 1,020 -44 Milholt Electro 1,020 -44 Milholts Electro 1,020 -45 Milholts Electro 1,020 -45 Milholts Milholts 1,040 -50 Milholts 1,040 -50 Milholts Milholts 1,040 -50	Sam Sam Sam Sam Sam Sam Sam Sam Sam Sam	1.150   1.150   1.150   1.150   1.150   1.150   1.150   1.75	14888488888888888888888888888888888888	Yusidoni Pharm   1,780 Yusia Battery   1,000 AUSTRALIA April 10 AustS AFP   1.49	+ 97 - -40 -40	Shell Elec. Mifg   1.48   1.	6-5-5-6-5-6-5-6-6-6-6-6-6-6-6-6-6-6-6-6	
	Haniya Cora. 910 - 39 Harekin El Rail 790 - 40 Harekin El Rail 120 - 30 Harekin Selim 5,000 - 40 Hazzari Selim 1,180 - 40 Herera Rail Est 1,480 - 50 Herera Rail Est 1,480 - 50 Herera Rail Est 1,480 - 50 Harera Harekin 5,000 - 20 Harera Harekin 5,000 - 40 Harera	H bishi Petaben	Seld Seld Sett Sett Sett	o Transport	丰둜さとよきはなどもおままない	AWA 4.70 Aberfoyle 4.70 Aberfoyle 4.70 Aberfoyle 4.70 Amool Ewi 4.04 Amool Ewi 2.32 Amoolts 1.52 Amother 5.16 Ast Gas Light 1.68 Ast Gas Light 1.68	-0.82 -0.82 -0.83 -0.83 -0.83	World let Hidgs 3.65 Zeng Fs 3.80  MALAYSIA April 10 SIYR Ronstad Hidgs 2.96	+ 67 -	
	1,680   -30   -30	Micsol Co. 875 - 48 Micsol Euro Ship. 875 - 48 Micsol Euro Ship. 876 - 48 Micsol Euro Ship. 877 - 47 Micsol Petchen 1777 - 27 Micsol Petchen 1770 - 27 Micsol Petchen 1770 - 46 Micsol Tax & Bing 1570 - 46 Micsol M	Side Side Side Sha Sha Sha Sha Sha Sha	### Corp.   1,750   Febra Chera   1,750   Morgi	****************	Aust Nat Note   1.62   Bill   9.32   Boral Curp Hidgs   0.13 g Boral   9.32   Boral   1.10   Brankles Inck   12.70   Gridge (H   0.80   Briefley less   1.18	-0.02 -0.24 -0.08 -0.05 -0.05 -0.05 -0.05	Senting	+0.1 +0.2 +0.03 +0.02 +0.03 +0.08	
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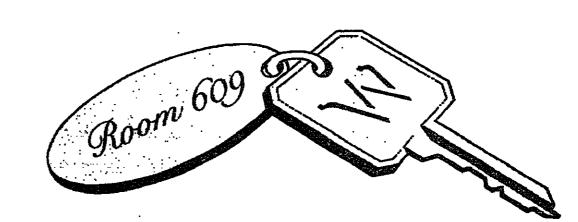
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CANADA

INDICES															
NEW YORK									Apr	Apr	Apr	Apr	1990		
DOW JONE	S Apr	Apr	Apr	Apr	19	90	Since co	mpilation		16	9	6	5	HIGH	LOW
<b>Aindustrials</b>	9 2722.07	2717_12	5 2721_17	4 2719.37	HIGH 2810.15	LOW 2543 24	HIGH 2810.15	LOW 41.22	AUSTRALIA Ali Ordinaries (1/1/80) Ali Magley (1/1/80)	1511.9 777.5	1528.2 789.6	1513 0 779 1	1505.7 775.7	1713.7 (12/1) 860.8 (5/1)	1505.4 GH9 770 h (3/4)
Home Boods	W	90.61	90.69	90.55	(2/1) 93.04	90.30 90.30	CS\17\d0)	227/325	AUSTRIA Crest Aktuer (30/12/84)	660.35	667.82	671.04	675.28	703 29 (19/3)	526.59(2)(3)
Transport.	1171.05	1174.08	1181.37	1182.25	1501710 G/I)	(29/3) 1031_83	1532.01	12.32	BELGIUM 8ncsels SE (1/1/20)	6105.97	6110 13	6113 86	6106.63	6599.43 (12/1)	5568.16 (26/2)
Utikles	214.10	213.66	213.28	214.47	22/1) 236.23 (2/1)	(30/1) 212-90 (22/3)	(5/9/89) 236.23 (2/1/90)	08/7/329 10.50 08/4/329	DENNARK Copenhagen SE CV1/631	368.93	37I.16	370.52	370.21	380.47 (28/3)	358 77 CZ/IJ
4Day's High 2757.39 (2732.43) Low 2701.35 (2695.50)							FINLAND	607.8	604.3	6006	602.4	677.3 (23/1)	590.5 C(I)		
STANDARD	AND	POO	3.2						Unias General (1975) FRANCE	00/ 0	- 0413	200.0	0024	עובט כוום	3703 WU
Composite #	<b>341.3</b> 7	340.08	340.73	341.09	359.69 (2/1)	322.98 (30/1)	359 B0 (9/10/89)	4 40 (1/6/32)	CAC General (31/12/82) CAC 40 (31/12/87)	546.54 2075.38	547 70 2083 90	542.B7 2069.89	532.59 2028.06	554.7 (5/1) 2083.90 (9/4)	482.94 (25/2) 1800.32 (25/2)
ledustrials	397.09	395.65	3%_05	396.02	411.20 (2/1)	371_92 (30/1)	411.20 (2/1/90)	3.62 (21,6/32)	GERMANY						
Floancial	27.47	27.15	<i>27.5</i> 2	27.84	31.87	27.15	35.24	8.64	FAZ Akties (31/12/58) Commercianis (1/12/53)	807.59 2341.2	811.91 2353.9	827.40 2402.9	824.88 2396.0	830.92 (3/4) 2414 0 (3/4)	732.71 (24/1) 2151.5 (24/1)
					3/1)	(6)4 <b>3</b>	(9/10/89)	CL/10/740	DAX (30/12/87)	1898.51	1923.86	1947,84	1958.59	1968.55 (30/3)	1756.41 Q4/U
NYSE Composite	167.35	186.78			198.00 (2/1)	178.43 (30/1)	199.34	4.46 (25/4/42)	HONG KONG Kang Seng Bank (31/7/64)	2942.33	2954.74	2956.12	(6)	3014,02 (26/3)	2738.24 (1/2)
Amex Mit, Value			361.23		382.45 (5/1)	345.50 (30/1)	397.03 (10/10/89)	29 <u>31</u> (9/12/72)	BRELAND ISEA ORGAN (4/1/89)	1719.56	1722.58	1719 94	1717 69	1893.10 (22/1)	1716.96 (4/4)
MASDAQ Composite	430.18	430.90	433.42	435.42	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 GL/10/72)	ITALY Barra Com, Ital, (1972)	693.13	693 68	691.26	686.45	707.41 (12/1)	646.73 (26/2)
				Mar	90 M-	- 29		JAPAN							
Apr 6								<del></del>	Niklei (16/5/49)	29624.68 2186.24	30397.93	29778.78		38712.88 (4/1)	28002,07 (2/4) 2058,82 (5/4)
Dow Industrial Div.	. Yield	4	1.03	4.06	4	.06	3.6	<u> </u>	Tokyo SE (Topizi (4/1/68) 2nd Section (4/1/68)	2186.24 3519.96	2229.27 3498.23	2149.26 3391.57	2058.82 3313.92	2867.70 (4/1) 4284 68 (9/2)	3313,92 (5/4)
Apr 4 Mar 28 Mar 21 year ago (approx.)							MALAYSIA				PP-3::-				
S & P ladestrial di			1,05	3.04		.05	3.2		KLSE Composite (4/4/86)	538.84	532.04	540.14	550.61	622.20 (20/2)	532.04 (9/4)
S&P bdL P/E ra			15.09 15.07 14.97				12.7		NETHERLANDS CBS TURD Sea (End 1983)	255.1	256.7	257,7	257.6	269.0 (3/2)	240.) (26/2)
NEW YORK ACTIVE STOCKS TRADING ACTIVITY						CES All Shr (End 1983)	195 7	196.9	197.2	197.6	296.3 G/D	184 2 (26/2)			
Monday	Stocks traded		g Chang	38	1 Volume		Millions	Abr 5	MORWAY (Islo SE (2/1/83)	792_33	B00,44	802.46	803.72	845 40 CL6/39	701.67 (2/1)
	4,147,100	34	- 1	<del>-</del> -	ew York	116.	<u> </u>		PHILIPPRIES Marila Comp (2/1/85)	1078.64		1087.55	1091.70	11160.70 (21/3)	1014.09 (5/3)
Telecom USA	3,561,100	381	+ 164	A	mesi		319 10.96		SINGAPORE SES All-Singapore (2/4/75)	415.66	414.18	415.04	417.58	4G34 (M2)	413.64 (24/1)
Philiadel Elect Philip Morris	1,641,200 1,517,700	16% 41%	+ 4		ASDAQ Des Traded	112.	367 136.57 994 1.97		SOUTH AFRECA				72120	1031.00	*****
Cen Me Per	1,506,200	19	+ 4	_	55		661 <sup>*</sup> 59	6 716	JSE 6014 (28/9/79)	1827.04	1861.0	(c)	1857.0	2230.0 [16/]	1827.0 (10/4)
Citicuro	1,475,300	235	+ 4		ails		824 86		JSE Industrial (28/9/78) SOUTH KOREA**	2390 CA	2887.0	<u> </u>	2893.0	3211.0 (6/2)	2795 0 (2/1)
Famile Mae Nonvest Corp	1,197,100 1,198,700	334 184	+ 15		echanged ew Highs	•	509 51 18 2	4 27	Kores Comp Ex (4/1/80)	810.76	816.78	83L73	(c)	926.82 (4/1)	810 76 CLQ/49
BankAmerica Ant. T. &. T	1,009,700 992,500	264 424	+ 3 + 3		er Lous		62 8	2 55	SPAIN Mad-14 SE (30/12/85)	257.06	255 61	252.82	250.57	302.85 (4/1)	248.17 (2/4)
	*************		· ·			_			SWEDEN Affirskrigen Gest. (1/2/37)	1143.10	1143.00	1141,98	1134 90	1317.88 (12/1)	1127-20 (2/4)
CANADA									SWITZERLAND						
TORONTO		ipr . 9	Apr	Apr	Apr	HIGH	1990		Swiss Bank Ind. (31/12/58) TAIWAN**	753.7	749.1	755.7	749 1	787.2 (11/1)	737.6 (27/3)
Metals & Minerals			8 133.90	5 3154.80		453.05 (4/		.03 (23/2)	Weighted Price (30/6/66)	9725,89	9814.54	10440 L7	(1)	12495.34 (10/2)	9725 89 (10/4)
Composite						009.47 (3)		2.30 (2/4)	Bangkok SET (50)4(75)	842.13	835.34	<u> </u>	840.30	918 67 (5/1)	760.39 17/21
MONTREAL Portfo	iio 18	63.86 2	874.D6	1973.28	1877.99 2	060.90 (3/	D 1852	36 (23/2)	WORLD N.S. Capital Intl. (1/1/70)	(ب)	491.2	484.7	478.5	571.0 (4/1)	468.3 (2)41
Base values of all indices are 100 except NYSE All Common – 50: Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/683.1 Excluding bonds.2 Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.  **Subject to official retabulation of all index are 100 except: Brussels SE, ISEQ Overall and DAX – 1.000. JSE Gold – 255.7. (d) Unavailable.										30 Gold - 255.7 JS					
									1						

| Stocks Closing Change | Stocks Closing Change | Traded Prices on day | Hitschi | 28.6m | 1,850 | -30 | NEC | 11.4m | 2,210 | -40 | Matsushita Ec I | 15.1m | 2,310 | -50 | Toshiba | 10.4m | 1,110 | -60 | Caren | 14.5m | 1,800 | -50 | Milsul E6S | 9.1m | 838 | -22 | Nppon Steel | 14.3m | 555 | -10 | Toyota | 8.6m | 8,570 | -80 | Mitsubalti H I | 12.6m | 905 | -39 | Sony | 8.8m | 8,570 | -80 |

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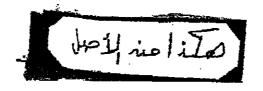
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## Tokyo's fall and earnings fears

**WORLD STOCK MARKETS** 

#### Wall Street

DULL trading continued yesterday with US stock indices trading in narrow ranges, writes Janet Bush in New York. At 2 pm, the Dow Jones Industrial Average was 9.46 higher at 2,731.53 on low vol-ume of 90m shares. On Monday, the Dow had risen 4.95 in the slowest trading of the year. At midsession yesterday,

other indices were narrowly mixed, with the Standard & Poor's 500 showing a marginal gain and the American Stock Exchange Composite a tiny

The Nasdaq Composite of over-the-counter stocks outperformed other indices, rising 1.41 to 431.59. This reflected a rebound in some regional bank stocks which have been weak recently on concerns about the quality of their loan portfolios and increased scrutiny by banking regulators.

The market was cautious in the wake of the fall on the Tokyo stock market, and in the run-up to a rash of first quarter corporate earnings announcements. The dollar provided little sense of direc-tion, trading steadily at about the levels which have pre-

vailed for about a week.

Most money centre banks
quoted on the New York Stock Exchange rebounded on Mon-day from their slump late last week, but regional banks quoted over-the-counter only started to come back yester-day. Among featured regional bank issues on the OTC was BayBanks Inc, which added \$1 to \$16% after news that it had made a loss of 87 cents a share after a provision for real estate loan losses. Boatmen's Bancshares, a midwestern bank, gained \$% to \$30%.

Ames Department Stores provided evidence of more misery in the retailing sector, saying that it would close 74 stores and report a \$228m loss for its fiscal year. Its stock

NATIONAL AND REGIONAL MARKETS

Finland (26) . France (125)

Italy (96) ...... Japan (455) ... Malaysia (36) Mexico (13) ...

Netherland (43) ... New Zealand (17) Norway (24) .....

Singapore (26) ... South Africa (60)

Spain (43) ..... Sweden (35) ..... Switzerland (63)

North America (660) ....... Europe Ex. UK (684) ....... Pacific Ex. Japan (209) .... World Ex. US (1847) ...... World Ex. UK (2081) ...... World Ex. So. Af. (2327) ....

The World Index (2387) ...

NATIONAL AND

The Financial Times Limits

(Figures in parentheses show number of stocks

hold Dow back

fell \$1 to \$2%.
Hilton Hotels slumped \$1% to \$51% after its chairman said that he did not plan to put the company up for sale again in spite of talks that bidders rejected by Hilton earlier this year were interested in reviv-

Springs Industries, a fabrics and home furnishings com-pany, dropped \$1 to \$33 after the company estimated that its first quarter earnings would be around half the level achieved a year ago of 86 cents a share.

Adobe Systems, traded on the OTC market, jumped \$2 to \$38% after a widely followed analyst at Shearson Lehman Hutton raised his short-term rating to a clear buy recom-mendation and said that, in spite of the stock's sharp rise over the last two months, it still did not reflect the company's longer-term strengths.

TORONTO'S LOSSES accelerated at midsession as gold prices dropped sharply following weakness in the bullion price. The market was also concerned that interest rates were set to rise and that first quarter earnings would disap-

The composite index, which started 10.2 lower at 3,603, stood 16.7 down at 3,596.9 on volume of 10.7m shares. Among gold shares, Lac Min-

erals lost C\$% to C\$13% and Corona Corp fell C\$% to C\$9%. A drop in the crude prices upset oil and gas shares, with TransCanada Pipelines dropping C\$% to C\$16% and Total Petroleum easing C\$% to

#### **SOUTH AFRICA**

GOLD STOCKS eased in light trading in Johannesburg as the bullion price was little changed. The JSE Gold index fell 31 to 1,827 and Vaal Reefs lost R7 to R363.

FT-ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT-Actuaries World indices

as at MARCH 30, 1990 are expressed below in millions of US dollars and as a percentage of the

The percentage change for each Dollar index value since the end of the calendar year is also

1.35 0.24 0.74 2.26 0.40 0.05 3.34 4.89 0.85 0.12 1.52 0.13 0.11 0.24 0.84 0.98 1.29 9.84 34.83

25.77 0.95 36.18 61.95 37.10 15.93 2.70 65.17 90.16 99.16 66.52

100.00

Goldman, Sachs & Co., and

as at

DECEMBER 29, 1989 (USSm)

24139.8 3523.3 217358.3 282461.6 51768.2 9719.8

114031.9 3150654.1 7623.0 6432.0

106597.0 106597.0 10118.1 6112.4 14428.5 56320.6 74090.8 27690.8 85720.1 666392.3 2355376.8

1678309.1 61466.2 3335273.5 5013582.6 2512843.0

1011916.8 184619.5 5233801.3 6922785.9

7589178.2

World Index. Similar figures are provided for the preceding quarter.

as at MARCH 30, 1990 (USSm)

88171.0 15838.9 48211.8 147337.4 25776.4 3226.5 217670.8 318671.0 55091.7 10179.7 113767.1 2180441.1 7817.6 7614.9 105186.4 8657.7 7214.4 15893.8 64538.9 62253.9 25416.5

640766.4 2268523.0

1678423.4 61643.8 2358072.8 4034496.3 2415860.4 1037657.0 175831.7 4243987.5 5871744.1 6457971.8

6512510.5

## Transatlantic contrasts in world of water utilities

Andrew Hill explains how French companies cope with growth targets in a near-monopoly situation

RIGHTENED investors in the recently privatised UK water companies have been casting envious glances across the English Channel and the Atlantic, as fears of renationalisation after a general election have caused British water company shares to sink

On the Paris Stock Exchange and in the US, the waters look somewhat calmer.

The giants of the world's water utilities are Compagnie Générale des Eaux, capitalised at more than FFr47bn (\$8.3bn) and due to announce results soon, and Lyonnaise des Eaux, which is worth about FFr17bn and which exceeded analysts' estimates a week ago with a rise in 1989 net profits to FF7726m from FF7553m.

Until last December's water privatisation in the UK, they were among the only quoted water companies in the world. Investor-owned US water companies - of which there are 15 of any size - are somewhat smaller. They serve only 20 per

**ASIA PACIFIC** 

cent of the population and the Works, is capitalised at \$510m.

Mr Ed Tirello, an analyst
with Shearson Lehman Hutton
in New York, points out that there are few economies of scale available for the US water companies. Income is good - yield averages about 6.4 per cent - but they are strictly regulated, both economically and environmentally, and there are scant opportunities for dividend or

earnings growth. "There's little interest in them," says Mr Tirello. "At the moment, you can do better in the electric companies."

French water companies have the opposite market dilemma. They are hamstrung, not by their small share of the French supply but by their near-monopoly: 70 per cent of the French population receive water from private companies. That means Lyonnaise and Générale have had to go far beyond the core business of

#### water supply to expand, trans-

## Nikkei ends lower as yen fears revive

#### Tokyo

RENEWED interest rate and currency fears discouraged investors yesterday and the Nikkei average closed at its day's low of 29,624.68, down 773\_25, writes Martina Gannon

in Tokyo.
The day's high was 30,382.92. Volume dropped from 800m shares to 550m and declining issues outnumbered advances by 609 to 255, with 80 unchanged. The broad-based Topix index dropped 43.03 points to 2,186.24 and, in London, the ISE/Nikkei 50 index eased 0.82 to 1,715.37.

After Monday's Japanese newspaper reports that the Group of Seven had indicated support for the yen, investors were disappointed to see the currency weaken to Y158 to the

22.11 0.81 43.95 66.06 33.11 13.33 2.43 68.96 91.22 99.26 58.48

100.00

County NatWest Securities Limited, 1987

dollar. "When it became clear that the yen was not going to be rescued by G7, that fuelled fears of a further interest rate rise, and market sentiment became very negative," said Mr George Nimmo, equity sales

manager at SBCL One of the heaviest losers was Afinomoto, Japan's largest food processor, which dropped Y100 to Y2,020. Among other declining stocks were carmakers, big steels and electricals. Institutional investors generally maintained a wait-and-see attitude; they had feared that Monday's rally would be followed by a correction, and vere particularly wary about domestic demand-related issues which are vulnerable to a weaker yen and higher inter-

Fulitec rose Y80 to Y1,500 on newspaper reports of strong sales of lift and escalator

In Osaka, volume dropped from 70m shares to 51m but the OSE index rose 329 to 31,799.

#### Roundup

TOKYO'S FALL rippled through most of the Pacific Basin markets which were already afflicted by low volume

before the Easter break. HONG KONG slipped in quiet trading before Easter. The Hang Seng index fell 12.41 to 2,942.33 and turnover dropped to HK\$791.43m, the lowest level in two months, from HK\$911m on Monday. SINGAPORE and KUALA

LUMPUR rose on bargain-hunt-ing, but Tokyo's fall brought them off their highs. United Industrial Corp (UIC), which has bid for Singapore Land, topped the Singapore actives list with 4.8m shares traded

and rose 4 cents to \$\$2.46.

SEOUL fell on economic pessimism. The yen's decline has fanned fears that South Korean exports could become less competitive. The composite index lost 6.02 to 810.76, the lowest level since November 1988. level since November 1988.

NEW ZEALAND advanced in sparse volume, with the Bar-clays index up 22.04 at 1,756.09. Air New Zealand rose 3 cents to NZ\$1.76 on news that it was

closer to agreement with cabin crews on work conditions.

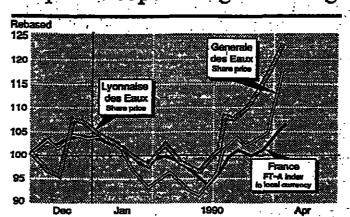
AUSTRALIA was depressed by Tokyo and the drop in gold and base metal prices. Elders IXL lost 10 cents to A\$1.88, its lowest level for 26 months.

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzle in conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS _			ORDAY AP	MIL 3 1990			FRIDA	AY APRIL B	1890	DOLLAR MOEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)	
Australia (81)	137.36	+1.1	124.21	119.22	+1.1	5.81	135.81	122.85	117.97	158.31	133,38	128.51	
Austria (19)	279.37	+0.2	252.64	245.34	-0.2	1.08	278.90	252.29	245.74	285.83	193,15	118.84	
Belgium (61)	147.02	+0.4	132.95	126.71	-0.1	4.51	148.47	132.49	126.79	160.02	132.11	132.42	
Canada (120)	141.21	-0.1	127.70	118.77	-0.4	3.40	141.32	127.83	119.27	153,61	137.42	133.83	
Denmark (36)	251.83	4.0.£	227.72	221.26	+ 0.1	1.46	250.33	228.45	220.97	260.82	236.69	172.89	
Finland (26)	136.73	+0.2	123.64	114.59	-0.1	2.61	136.45	123.43	114.67	152.29	130.39	156.37	
France (125)	162.17	+ 0.7	146.65	144.49	+0.4	271	161.11	145.74	143.93	162.17	141.69	118.11	
West Germany (94)	134.35	-16	121.49	118.14	-1.8	1.83	136.58	123.55	120.36	137.71	122.05	85,71	
Hong Kong (48)	122.28	+0.0	110.57	122.45	+0.0	5.07	122.28	110.61	122.46	124,24	112.24	127.53	
Ireland (17)	187.41	+0.8	169.47	166.55	+0.5	2.58	185.89	168.15	165.73	198.57	181.49	144.30	
Italy (96)	99.32	+0.6	89.82	92.13	+0.3	2.51	98.70	89.28	91.81	102.11	91.85	81.13	
Japan (454)	138.29	+3.5	125.05	137.63	+3.4	0.60	133.66	120.90	133.07	197 <u>.2</u> 6	124,40	188.12	
Malaysia (35)	208.65	-2.1	188.68	219.22	-21 -07	2.46	213.02	192.69	223.93	245.32	208.65	164.58	
Mexico (13)	391.18	+0.8	353.74	1190.06	+0.7 -0.3	0.44	388.03	351.00	1181.97	409.41	324.53	168.72	
Netherland (43)	139.36 62.04	-0.2	126.03	121.11		4.68	139.59	126.27	121.53	145.66	130.43	118.43	
New Zealand (17)		+1.4	56.10	56.83	+1.2	7.71	61.15	55.32	56.14	75.36	60,31	67.15	
Norway (25)	231.75	-0.1	209.57	208.11	-0.4	1.62	232.06	209.92	206.94	245.90	202.34	176.64	
Singapore (26)	185.80 186.33	-0.2	168.01	160.62	-0.1 +0.4	1.83	186.14	168.38	160.79	199.38	179.70	143.75	
South Africa (60)		+0.8	168.50	161.31		3.67	184.89	167.25	160.70	251.39	180.87	138.75	
Spain (42)	141.29	+ 1.9	127.76	114.79	+1.4 +0.0	4.62	138.61	125.39	113.20	166.19	132.84	154.03	
Sweden (35)	180.46	+0.5	163.19	163.50	+0.2	2.41	179.49	162.36	163.21	206.95	173.89	157.51	
Switzerland (64)	92.01	+0.2	83.21	85.31	<b>−0.1</b>	2.29	91.85	83.09	85.42	99.12	88.75	78.57	
United Kingdom (307)	148.27	+0.2	134.08	134.08	+0.2	4.92	147.95	133.83	133.83	164.31	144.69	143.14	
USA (537)	137.94	+ 0.4	124,74	137.94	+0.4	3.48	137.43	124,32	137.43	145.40	130.61	121.02	
Europe (990)	140.56	+0.0	127,10	124.88	-0.2	3.54	140.54	127.13	125.09	146.66	135.57	117.96	
Nordic (122)	188.35	+0.5	170.32	161.51	+0.1	1.03	187,49	189.60	161,40	201.89	185.01	152.00	
Pacific Basin (661)	137.60	+3.2	124.43	136.20	+3.2	0.93	133.28	120.56	131.96	192.75	124.63	183.13	
Euro - Pacific (1651)	139.16	+1.9	125.84	132.26	+ 1.8	2.00	138.57	123.54	129.92	174.18	130.35	157.08	
North America (657)	138.04	+0.3	124.83	136.70	+0.3	3.48	137.57	124.44	136.26	145.78	131.02	121.69	
Europe Ex. UK (683)	134.01	-0.1	121.18	118.76	-0.4	2.71	134.17	121.36	119.23	135.73	124.81	102.18	
Pacific Ex. Japan (207)	128.77	+0.5	116.45	116.48	+0.5	5.18	128.07	115.85	115.89				
World Ex. US (1844)	139.83	+1.8	126.45	132.42	+1.7	2.07	137.34	124.24	130.21	139.32	126.77	123.52	
World Ex. UK (2074)	137.09		123.97		+1,3	2.31			132.38	173.77	131.30	156.08	
		+1.4		134.17			135.17	122.27		162.00	130.80	142.42	
World Ex. So. Af. (2321)	137.78	+ 1.3	124.59	133.93	+1.2	2.55	136.00	123.02	132.28	161.84	131.95	142.49	
World Ex. Japan (1927)	139.36	+0.2	126.02	132.42	+0.1	3.57	139.04	125.77	132.23	145,52	135.25	120.59	
The World index (2381)	138,08	+ 1.3	124.86	184.12	+ 1.2	2.56	138,29	123.29	132.48	162.05	132.25	142.47	

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forming their stock market rating in the process.

"They're peculiarly French animals — they're really bold-

ing companies for a wide range of interests," says Mr Ian Fur-nivall, of UBS-Phillips & Drew. Over several decades, both Lyonnaise and Générale have built judiciously on the solid foundation of long-term con-tracts awarded by municipali-

ties. They have expanded overseas - buying private water companies in the UK, for exam-- and moved into new areas of activity: construction, property development and cel-

lular telephone communications (Générale), funeral directing (Lyonnaise) and cable

television (both companies). Their shares are rated

not the principal attraction of the French companies, although Isomalse has been making concerted efforts to maintain dividend growth. The two companies' historic

yields (about 2 per cent in both cases) and price/earnings ratios — more than 22 times — put them in the same league as general industrial stocks. Both have outperformed the market over the last 10 years.

Générale's stake in one of the growing cellular telephone networks is one example of the attractions for French water company investors. Mr David owen of Paribas points out that this is one of several judi-cious trade or property invest-ments which have helped boost Générale's market value.

But there is a slight air of caution in the market — about Générale's exposure to the construction market, for example. Construction and related business contributed nearly 50 per cent of the group's FFr85bn of sales in 1988 and some analysts

of a worse than expected fall in profits. CGIP, which is expec-ted to raise its holding in CMB

Packaging if MB Group of the

UK sells its stake as it is rumoured to be intending to

do, dropped FFr40 to FFr1,460.

AMSTERDAM was shaken by a drop in bond prices as fears of a rise in interest rates

grew. Recent Dutch state bonds ended as much as 35

cents down with yields hover-

ing around nine per cent at the close. The CBS tendency index

fell 1.3 to 116.2 in moderate

trading.

Philips, the most traded stock rebounded from a low of

Fl 39.90 to close 20 cents higher

at F140.60 on news that first

should be brought down to the level of, say, Bouygues, the construction-based group which is also France's third

largest water supplier through its SAUR subsidiary. Construction, however, makes up a much smaller proportion of Générale's profit than of its sales, and is linked

to a healthy French pro-gramme of public works. Lyonnaise has added value to its shares by establishing a portfolio of minority and con-irolling stakes in a range of businesses, including a rapidly expanding waste-management subsidiary, Sita. The service business tends to be a strong generator of cash. "Both stocks are at the top of

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their trading range at the moment - but they're still worth buying for the long term," says Mr Owen. That is a recommendation which some of the UK's more ambitious water company chairmen, frus-trated by the political risk being attached to privatisation

stocks, must covet.

## Bonds weakness leads to profit-taking

WEAKNESS in bonds and Tokyo's overnight fall discour-aged most markets yesterday, with profit takers active in Frankfurt and Paris, writes

Our Markets Staff. FRANKFURT added continuing worries about currency union with East Germany. The DAX index slid below 1,900 for the first time since mid-March, losing 25.35 to 1,898.51, after a fall of 4.32 to 807.59 in the FAZ at midsession. Volume fell by DM1bn to DM5.2bn.

Blue chips shed varying amounts - Daimler and Deutsche Bank more than Siemens, Thysen or the sluggish chemi-cals sector; the market was characterised by profit-taking. Another DM50 fall in the construction group, Hochtlef, left it still DM295 above its 1990 low, riding high alongside names such as Holzmann and Bilfinger & Berger on dreams of rebuilding eastern Europe.

In a lower-profile area, Munich Re shed another DM100 to DM2,050. The world's largest reinsurer is faced with a potential threat to earnings, after hurricane, explosion and earthquake disasters in 1989; one UK competitor is in seri-

However, with its strong asset base, Munich Re can also be seen as the largest and most undervalued investment trust in Germany; Mr Michael Hutt-ner of BNP Securities estimated net asset value at DM4,996 a share at the end of

February, and the DAX is 7 per cent higher than then. PARIS was in a more sub-dued mood, as investors took profits before the Easter break und in response to declines on the Matif futures exchange and in Tokyo. Turnover was thought to have fallen to about FFr2.5bn from Monday's FFr3.6bn. The CAC 40 index lost 8.52 to 2,075.38 after three

days of records. Peugeot advanced in the day's biggest volume, adding FFr13 to FFr904 with 514,300 shares traded. Investors still regard the auto manufacturer. which announces results next week, as undervalued. Another hlue chip seen as a laggard, Lafarge Coppée, the cement company, gained FFr1.50 to FFr426.50 on 434,310 shares. Fromageries Bel, the food

quarter sales matched company hopes. Heineken, the brewer, subsided a little after its recent gains, falling 40 cents to F1 120 after a high of F1 122.50. It said it was interested in buying a 29

per cent stake in the Spanish brewer, Cruz. The insurer, Stad Rotterdam, fell Fl 1.29 to Fl 47.60 after forecasting flat company, lost FFr95 to FFr2,320 after Monday's news

earnings growth in 1990.

MILAN recovered from early lows to end mixed on options expiry day, encouraged by

options had been taken up. The Comit index fell 0.55 to 693.13. Olivetti continued to olivetti continued to advance, rising L120 to L7,050.

ZURICH saw the Crédit Suisse index shed 3.5 to 592.4 in light trading. Bank Leu was suspended all day on news that C5 Holding, parent of Crédit Suisse, was holding talks with a view to an alliance; CS Holding eased S020 to S62.270.

ing eased SFr20 to SFr2.270. STOCKHOLM and OSLO saw turnover contract before the Easter break. Oslo's turnover fell to NKr76m, the lowest daily voltame this year. The all-share index slipped 3.72 to 615.12. In Stockholm, Ericsson continued to dominate trade, with SKr26m worth of shares changing hands. Its free B shares rose SKr3 to SKr683. The Affärsvärlden General index added 0.1 to 1,143.1.

ATHENS soared to another record in heavy trading following the conservative New Democracy party's election success. The general share index gained 51.57, or 6.7 per cent, to 822.61, following Monday's 14.7 per cent rise. Volume matched the previous day's high level, estimated at Dr3bn.

## DEN NORSKE CREDITBANK (DNC) AND BERGEN BANK MERGE TO FORM DEN NORSKE BANK

WITH EFFECT from 17th April Den norske Creditbank and Bergen Bank legally merge to form Den norske Bank, Norway's largest bank.

In London, Den norske Creditbank PLC and Bergen Bank's London branch will merge with effect from the same date, and the London operation will then consist of a wholly owned subsidiary, Den norske Bank PLC, and a branch to be known as Den norske Bank, London Branch. All dealing and funding activities will be in the branch; our banking services for nordic customers will be provided by the branch, and services for other customers will be provided by the subsidiary.

From the 30th April, 1990 both the branch and the subsidiary will be located at 20 St. Dunstan's Hill, London EC3. Prior to 30th April the branch and the subsidiary will be located at the addresses shown below:

DEN NORSEE BANK, LONDON BRANCE, SHACELETON HOUSE 4 BATTLEBRIDGE LANE LONDON SET 2HP, TELEPHONE: 01 357 6373, TELEFAX: 01 357 6992, TELEX: 915930 DEN NORSKE BANE PLC, 20 St. DURSTAN'S HILL LONDON ECSR SHY. Telephone 01 621 1111, Telefax 01 626 7400, Telex 887654 From 6th May, 1990 our telephone and telefax prefixes will change from 01 to 071.

Enquiries to: Brian Hadson, Chief Executive

